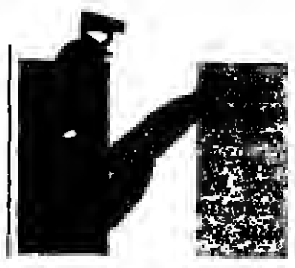
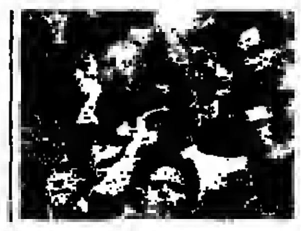
FINANCIAL TIMES

German banks
Responding to the call of Asia
Page 16



France's nightmare
Unemployment means pure failure
Europa, page 12



Derivatives
Fierce battle for market share
Survey, separate section

FT WEEKEND
Chris Patten's last testament
TOMORROW

World Business Newspaper http://www.FT.com FRIDAY JUNE 27 1997

EU backs UK call for China to hold Hong Kong poll

Britain and its European Union partners last night called on China to respect its promise to hold free elections in Hong Kong within 12 months of the handover of the colony next week. The joint declaration, issued in Luxembourg, came as the UK stepped up pressure on wavering EU countries to join a high-level boycott of the swearing-in of the provisional legislature. Page 14; US sends inscrutable signals, Page 8; Philip Stephens, Page 12

Forex settlements system: The world's largest banks have approved the creation of a global settlements system to handle the $2,400bn of payments flowing through the foreign exchange markets each day. The Group of 20 will next month set up a UK company to develop a real-time system for settling foreign exchange transactions. Page 14

Albanian election: Sali Berisha's Democrats are likely to lose their majority in the Albanian parliament on Sunday if 700 European and US observers, protected by a 7,000-strong Italian-led force, can prevent the widespread fraud and intimidation that marked the last general election in 1996. Page 3

Canada defends currency: The Bank of Canada has reversed a two-year drop in domestic interest rates to try and halt a sudden slide in the Canadian dollar. The bank rate climbed a quarter of a percentage point to 3.5 per cent, compared with s rate of 7 per cent in mid-1995. Page 4; Currencies, Page 25

EBRD nuclear loan: Shareholders of the European Bank for Reconstruction and Development will consider bending the bank's own rules to release its largest loan to date – $370m – to complete two controversial nuclear power plants in Ukraine. Page 3; President 'to go this year', Page 2; Observer, Page 13

CGIP to decide: French holding company CGIP will decide before the end of next month whether to add to its 20 per cent stake in Cap Gemini, the French computer consultancy. The company has first refusal on a 24 per cent stake owned by Daimler-Benz. Page 15

Mir crew awaits supplies: The two Russians and one British-born American on board the stricken Mir space station will have to wait almost two weeks for supplies and equipment to repair damage caused by Wednesday's collision with an unmanned cargo tug. Page 6

Israeli deficit warning: Uncertainty over the budget is undermining Israel's economic policy, says Jacob Frenkel, governor of the Bank of Israel. He warned that the next finance minister – expected to be Ariel Sharon – must keep the state's budget deficit under control. Page 6

Aircraft raises suspicions: Russia has warned Kazakhstan not go ahead with a joint US-Kazakh scientific project after a bright orange US Navy P-3 Orion aircraft arrived in the Kazakh capital of Almaty. Page 6

Brussels cracks whip on BSE: The European Commission took the first step in possible legal action against 10 European Union countries it accuses of failing to introduce proper controls on the spread of BSE. Page 2

Ahern in the driving seat: Fianna Fail leader Bertie Ahern became Ireland's youngest prime minister at 45 after securing the support of independent deputies to form a minority coalition government with tha right-of-centre Progressive Democrats. Page 2

Six NatWest managers leave: Britain's National Westminster Bank announced the departure of six managers who failed to prevent a £77m ($127m) loss in its investment banking arm through mispricing. Page 15

Moscow pays pensioners: Russia's banks will stay open over the weekend to pay millions of pensioners after President Boris Yeltsin made good on promises to eliminate arrears. Page 2

Russian payment crisis: Russian reformers unveiled sweeping changes in the electricity sector to help break the vicious circle of non-payment that has strangled the economy. Page 2

Lonrho steps up pace on disposals: Conglomerate Lonrho plans to accelerate the pace of disposals as prospects fade for a £3bn ($4.9bn) merger with JCI, South Africa'a first black-controlled mining house. Page 15

FT.com: the FT web site provides online news, comment and analysis at http://www.FT.com

■ STOCK MARKET INDICES

New York: lunchtime		
Dow Jones Ind Av	7,646.78	(-43.20)
NASDAQ Composite	1,440.71	(-5.53)
Europe and Far East		
CAC40	2,893.64	(+26.20)
DAX	3,805.29	(+6.78)
FTSE 100	4,657.9	(+17.9)
Nikkei	20,624.76	(-54.51)

■ US LUNCHTIME RATES

Federal Funds	5½%
3-mth Treas Bills: Yld	5.13%
Long Bond	98⅛
Yield	6.77%

■ OTHER RATES

UK: 3-mo Interbank	6$\frac{23}{32}$%	(same)
UK: 10 yr Gilt	101$\frac{3}{16}$	(101$\frac{3}{16}$)
France: 10 yr OAT	99.60	(99.34)
Germany: 10 yr Bund	102.46	(102.33)
Japan: 10 yr JGB	103.6251	(103.625)

■ NORTH SEA OIL (Argus)

Brent Dated	$17.615	(17.53)

■ GOLD

New York: Comex	
(June) $338.5	(337.3)
London:	
close $337.75	(338.65)

■ DOLLAR

New York: lunchtime		
£	1.66625	
DM	1.7259	
FFr	5.8175	
SFr	1.43725	
Y	113.195	
London:		
£	1.6662	(1.6640)
DM	1.7286	(1.7235)
FFr	5.8329	(5.8170)
SFr	1.4386	(1.4375)
Y	113.685	(113.940)
Tokyo close:	Y 114.20	

■ STERLING

DM	2.8802	(2.8678)

© THE FINANCIAL TIMES LIMITED 1997 No 33,328

Rhône-Poulenc FFr25bn deal will give full ownership of US business

French group to buy rest of drugs arm

By David Owen in Paris and Daniel Green in London

Rhône-Poulenc, the French chemicals group, is planning to turn itself into a pharmaceuticals company by paying FFr25bn or $92 a share to secure full ownership of Rhône-Poulenc Rorer, its 68.3 per cent-owned quoted US drugs arm and selling off part of its chemicals business.

The new Rhône-Poulenc will combine the US drugs business with France-based vaccine and and animal and plant health products. The chemical company will consist of industrial chemicals, fibres and polymers and will be listed in 1998, if market conditions permit.

The plan is the latest in a series of restructurings that have transformed the chemicals and pharmaceuticals industries this decade. Driven by a desire to break up conglomerates, most large groups that once had both chemicals and pharmaceuticals businesses have opted to concentrate on one activity or the other.

The best known names are the UK's Imperial Chemical Industries, which demerged from its drugs arm Zeneca in 1993, and Switzerland's Sandoz, which floated Clariant, its industrial chemicals alde, in 1995. US chemicals companies Du Pont, Dow Chemical and photographic company Kodak all rid themselves of their pharmaceuticals operations several years ago.

By contrast, Rhône-Poulenc said it would keep "substantial majority" control of the new chemicals company, which analysts expect to be valued at FFr15bn-FFr20bn.

Tha announcement produced a surge of interest in Rhône-Poulenc shares, which closed up FFr40.60, or 19.2 per cent, on the Paris Bourse at FFr252.50. RPR shares were also buoyant, registering a gain of 11\frac{1}{16}$ by noon in New York at $90¼.

Rhona-Poulenc's plan la likely to put pressure on the few remaining chemical-pharmaceuticals conglomerates to reconsider their strategies. Hoechst of Germany has signalled its intention to evolve only slowly into a life sciences company, while its local rival Bayer insists that the two industries have enough in common to warrant a single owner.

Tha French group said yesterday that the proposed RPR purchase would be partly funded by a FFr7bn capital increase.

The sale of part of the new chemicals company, together with separate disposals, would generate a further FFr13bn. It auggested tha remalning FFr5bn would come from "improved annual cash flow".

Though the restructuring looks likely to result in a significant increase in borrowings in the short term, the company said its net debt-to-equity ratio would be brought down to 60 per cent – about its level at end-1996 – by the end of 1998. Its objective remained to lift earnings per share by 20 per cent in 1997 and 1998 excluding exceptional items.

Such reassurances did not prevent both Standard & Poor's and Moody's, the debt rating agencies, from putting the group's debt under surveillance. Standard & Poor's said the RPR acquisition would "weaken the financial situation of Rhône-Poulenc which is already relatively strained".

Mr Jean-René Fourtou, Rhône-Poulenc chairman, said the planned initiatives would "enhance shareholder value for Rhône-Poulenc Rorer and Rhône-Poulenc".

Mr Philippe Cottet, pharmaceuticals analyst with Cholet-Dupont in Paris, said the proposals amounted to "a new start for Rhône-Poulenc".

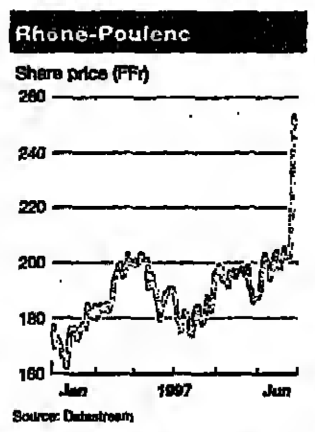
The next step, a formal offer to the minority shareholders in Rhône-Poulenc Rorer, cannot take place until July 31 because of a clause in the original Rorer takeover in 1990.

Rhône-Poulencwas advised by UBS.

Lex, p14
Continental flavour, Page 18
World stocks, Page 36

Jean-René Fourton: planned initiatives will 'enhance shareholder value' Picture: Brendan Corr

Rhône-Poulenc



Source: Datastream

US court throws out internet decency law

By Louise Kehoe in San Francisco

The US Supreme Court handed a victory to advocates of free speech on the internet yesterday by striking down a federal law that would have severely restricted the distribution of "indecent" materials on the global computer network.

In its first venture into cyberspace law, the court ruled that the Communications Dacency Act (CDA), passed by Congress last year, was unconstitutional because it restricted free speech rights protected by the First Amendment.

The law purported to protect children by making it illegal to display "patently offensive" material or distribute "indecent" images and text on the internet if they might be viewed by a minor.

However, in a majority opinion, Justice John Paul Stevens declared that the CDA also "effectively suppresses a large amount of speech that adults have a constitutional right to receive and to address to one another".

Since there was no effective way to determine the ages of internet users, adults would be prohibited from participating in internet discussions of sexually related issues because they could not ensure that children would not read the messages.

Moreover, the terms "indecent" and "offensive" were vague – unlike the legal definition of obscenity – and could be applied to non-pornographic material with aerious edncational value, the court ruled.

The law would make criminals of parents who allowed their children to access such materials on the internet, the court said. "Under the CDA a parent allowing her 17-year-old to use the family computer to obtain information on the internet that she, in her parental judgment, deems appropriate could face … prison," Justice Stevens wrote.

The justices voted 7-2 to uphold a lower court ruling that struck down the law, but even the two dissenting judges agreed parts of the law were unconstitutional.

The strongly worded majority opinion was lauded by the free speech groups that had challenged the law. The court's message was clear, said Mr Andrew Jay Schwartzman, president of the Media Access Project. "Congress cannot strangle the internet."

It was also praised by leaders of the US software industry. It "guarantees that the internet will be a place where the free flow of ideas will he protected for the greater good of all", said Mr Bill Gates, chairman and chief executive of Microsoft.

However, Senator Dan Coats, chief sponsor of the law, said the court had "entered dangerous unexplored territory" and deprived children of protection for "their physical and psychological well-being".

Assisted suicide, Page 4
Editorial Comment, Page 13

Norway's Statoil in $687m North Sea asset swap deals

By Simon Holberton and Jane Martinson in London

Statoil, Norway'a state-owned oil company, yesterday streamlined its North Sea oil and gas interests through asset swaps valued at between NKr5bn ($687m) and NKr6bn with five international oil companies.

The non-cash deals – with British Petroleum, Chevron, Elf, Total and Norsk Hydro – will result in ownership changes for 340m barrels of oil and 36.5bn cubic metres of natural gas, Statoil said.

Statoil has been able to swap assets with other oil majors since late last year, when the Norwagian govarnment acknowledged that the company did not need to own a part of every oil and gas producing field in Norway. Statoil is now keen to lessen its dependency on its home market and build up reserves of oil and gas further afield. Industry observers said the deals – which require approval from the UK and Norwegian governments – were part of Statoil'a strategy to reposition itself.

"This deal enables the company to re-balance and restructure its portfolio," said one analyst.

Statoil will swap both Norwegian and British assets with BP and Chevron. The company, which is also withdrawing from 11 axploratton licences, is exchanging interests in exploration licences with Norsk Hydro, Elf and Total. BP will acquire Statoil's interests in three Norwegian fields where it already has a significant equity interest, adding 25,000 barrels of oil a day to its current Norwegian production of 65,000 barrels.

In return Statoil will assume BP's 16.9 per cent interest in the Jupiter Gas fields in the UK's southern North Sea, and its interests in certain Norwegian oil and gas areas.

Chevron, another North Sea producer, will also exchange assets with Statoil. In return Statoil will acquire 12 per cent of the Alba oilfield, 130 miles north-east of Aberdeen.

Chevron will acquire a 7.56 per cent interest in the Draugen field in the Haltenbank area of offshore mid-Norway, four other interests in or near the Draugen area, and one in the Barents Sea.

● Shares in British Petroleum rose 24p to 738½p yesterday after two investment houses upgraded their recommendations. SBC Warburg moved BP to an "add" recommendation from a "hold" after tracking tha group's performanca against its peers.

Bonn set for early sale of a 25% stake in Telekom

By Ralph Atkins in Frankfurt

The German government is to relinquish majority ownership of Deutsche Telekom aarlier than expected under a deal that will raise about DM25bn ($14bn) over the next two years to tackle the country's budget problems.

Deutsche Telekom and the Bonn finance minlstry yesterday announced outline agreement on the sale by the government of a 25 per cent stake to Kreditanstalt für Wiederaufbau, the publicly owned development bank. Details have yet to be finalised but DM10bn is likely to be raised this year and DM15bn in 1998.

The deal comes less than a year after the partial privatisation of Deutsche Telekom – which left the government with a 74 per cent stake.

Bonn faces pressure to fill holes in its budget created by higher-than-expected unemployment, which has hit tax revenues and boosted government spending. The sale of the Deutsche Telekom stake will not be of direct help to Mr Theo Waigel, finance minister, in meeting criteria for the public sector deficits of countries planning to join the single European currency, because privatisation proceeds are excluded from deficit calculations. But the sale should cut debt and interest payments – helping Bonn to meet the overall debt criteria.

Under yesterday's deal, Deutsche Telekom will be able to offer "strategic investors" the chance to buy the shares parked with Kreditanstalt für Wiederaufbau at market value.

Mr Ron Sommer, Deutsche Telekom chairman, said potential investors included "our present and future partners in the international telecommunications business". Possible buyers are understood to include France Telecom, Sprint of the US, or NTT, the Japanese national operator.

In line with last November's privatisation prospectus, any shares left over from the

Continued on Page 14

CONTENTS

LONDON · LEEDS · PARIS · FRANKFURT · STOCKHOLM · MADRID · NEW YORK · LOS ANGELES · TOKYO · HONG KONG

Moscow pays off its huge debt on pensions

By John Thornhill in Moscow

Russia's banks will stay open over the weekend to pay off the government's debts to millions of pensiooers after President Boris Yeltsin made good on his promises to eliminate these "shameful" arrears.

Mr Anatoly Chubais, first deputy prime minister, said the government had released a fioal payment of Rbs2,750bo ($480m) on Wednesday which would be enough to settle all outstanding pensions. "By July 1, not a single rouble will be owed to a single pensioner."

The elimination of these pensioo arrears, which in February reached a peak of Rbs17,500bo, will significantly improve the credibility of the reformist government, which has heen struggling to get a grip on runaway pohlic finances. Ministers concede, however, that its remaining debts to millions of federal employees, including teachers and soldiers, may not be settled until the end of the year.

The government's fierce campaign against the country's worst tax dehtors enabled it to plug at least part of the shortfall in this year's forecast revenues and elimioate its pension arrears. Several leading companies had been threatened with bankruptcy procedures if they did not pay overdue tax bills.

Mr Rem Vyakhirev, chairman of the giant gas monopoly Gazprom, confirmed yesterday tbat it bad paid Rbs14,500bn into the federal treasury over the past two months, clearing all its obligations to the government. Bnt be warned there was still a buge tangle of debts in the economy which needed to be unwound.

Gazprom's customers, including many governmental organisations, still owed the company Rbs70,000bn, be claimed.

Government revenues increased from 10.8 per cent of gross domestic product in March to 13.1 per cent in April and informal statistics suggest this trend has continued to improve.

The government's coffers have also been swollen by the proceeds of a $2bn 10-year eurobond issued earlier this mooth and a rise in domestic debt. The government's domestic borrowings have riseo to 11.7 per cent of GDP against 6.3 per ceot a year ago.

This mooth, the World Bank released a $600m structural adjustment loan to bolster the hudget and help reduce back-paymeots to pensioners. In addition, the International Monetary Fund has resumed lending on its $10.2bn three-year loan.

Mr Yaroslav Lisovolick, an economist with the Russian European Centre for Economic Policy, a Moscow-based advisory group, said the government's success in paying off its pensioo arrears testified to its increased professionalism.

"This is the beginning of a qualitatively new phase in the reform process, but the big question is clearly over its sustainability," he said.

"If these loans are just directed at solvlog short-term hudget difficulties then we will quickly get back into the same old problems as before. But the hope is they will be able to induce further reforms."

FINANCIAL TIMES
Published by The Financial Times (Europe) GmbH, Nibelungenplatz 3, 60318 Frankfurt am Main, Germany. Telephone ++49 69 156 850, Fax ++49 69 596 4481. Represented in Frankfurt by J. Walter Brand, Wilhelm J. Brüssel, Colin A. Kennard as Geschäftsführer and in London by David C M Bell, Chairman, and Alan C. Miller, Deputy Chairman. The shareholder of the Financial Times (Europe) GmbH is Pearson Overseas Holdings Limited, 3 Burlington Gardens, London, W1X 1LE. Shareholder of this company is Pearson plc, registered at the same address.
GERMANY:
Responsible for Advertising content: Colin A. Kennard. Printer: Hürriyet International Verlagsgesellschaft mbH, Admiral-Rosendahl-Strasse 3a, 63263 Neu Isenburg ISSN 0174 7363. Responsible Editor: Richard Lambert, c/o The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL.
FRANCE:
Publishing Director: P. Maravigila, 42 Rue La Boetie, 75008 PARIS. Telephone (01) 5376 8254, Fax (01) 5376 8253. Printer: S.A. Nord Eclair, 15/21 Rue de Caire, F-59100 Roubaix Cedex 1. Editor: Richard Lambert. ISSN 1148-2753 Commission Paritaire No 67808D.
SWEDEN:
Responsible Publisher: Hugh Carnegy 468 618 6088 Printer: AB Kvällstidningen Expressen, PO Box 6007, S-550 06, Jönköping.

Russia takes steps to end payment crisis

By Chrystia Freeland in Moscow

Rnssian reformers yesterday unveiled sweeping changes in the electricity sector which could help the country break out of the vicious circle of non-payments that has strangled the economy.

The overhaul, announced by Mr Boris Brevnov, the new chief of the electricity monopoly Unified Energy Systems (UES), seeks to impose greater financial discipline on the company and begin creating an open wholesale market in electricity.

One of the chief objectives is to improve the financial bealth of UES, which at present collects a meagre 15 per cent of its revenues in cash. The company's payment crisis is at the heart of a wider national malaise, in which barter has pushed cash out of the economy, making it impossihle for companies to pay their wage or tax bills.

From July 1, however, UES will accept only cash payments on the federal wholesale market, which accounts for about 25 per cent of the company's turnover.

Analysts said that radical measure could have a broad impact on the economy as a whole. "They are trying to squeeze the barter out of the whole economy hy using UES," said Mr Henrik Piper, analyst at the Moscow-based Brunswick Brokerage.

The transformation of UES, the world's largest ntility according to asset base, is an important political victory for the new reform team in the Russian cabinet. Mr Brevnov, a 29-year-old former commercial banker, is closely allied with Mr Boris Nemtsov, a leading reformer and first deputy prime minister. He was brought into UES in April to spearhead Mr Nemtsov's effort to shake up the Soviet-era industrial giant.

UES bopes to enforce its new policy with a combination of carrots and sticks. Large electricity consumers who pay their bills on time and in cash are to be offered a 30 per cent discount. At the same time, the company is urging the government to introduce more stringent rules on disconnecting non-payers, perhaps as soon as next month.

To ensure this tough naw regime is enforced, Mr Brevnov announced the appointment of Mr Mikhail Kislekov, a partner in the international accounting firm Arthur Anderson, as UES's new chief financial officer.

UES is also taking steps to create greater competition within Russia's still monopolistic energy market. On July 1, the company will pioneer a three-month pilot programme designed to give large industrial users direct access to a new wholesala market, offering them an alternative to the energy supplied by regional electricity distributors.

UES hopes to capitalise on its growing popularity by dipping into western markets. Mr Brevnov said tha company planned to sell convertible bonds backed by its shares "by the autumn".

It intended to enter the capital markets before then, but he did not specify in what form. Another company official said he was probably referring to the issue of a level-1 American Depositary Receipt, a step UES has been planning for several months.

Ten EU states face threat of legal action for flouting rules

Brussels cracks whip on BSE

By Neil Buckley in Brussels

The European Commission yesterday took the first step in possihle legal action against 10 European Union countries which it accuses of failing to introduce proper controls on the spread of BSE or "mad cow" disease.

It began infringement proceedings against the countries, either for not fully observing new heat treatment rules designed to ensure the mad cow agent is destroyed in animal feed, or for not ensuring that animal tissue is kept out of feed.

France, the Netherlands, and Germany were all cited by Brussels as not complying properly with new rules introduced in April on heat treatment of animal waste. France has refused to implement the rules at all, questioning their effectiveness and legal basis.

Belginm, Luxemhourg, Italy and Finland were cited for not taking adequate measures to ensure mammalian tissues did not get into animal feed. Spain and Sweden were criticised on both counts, while Portugal was accused of failing to co-operate with Brussels in answering its written requests for information.

Only Ireland, the UK, Denmark, Greece and Spain avoided action.

The move will fuel claims by Britain thet other European states are not taking proper action against the possible spread of mad cow disease. Commission reports have suggested the true level of infection in many countries may be greater than suggested by official figures.

Mr Jack Cunningham, Britain's agriculture eecretary, warned EU ministers this week he would impose import controls on beef from other Union countries unless they introduced UK-style safeguards. He gave them until July 22 to take measures to exclnde from the human and animal food chain the parts of cattle most at risk of carrying BSE – largely the head and spinal cord. Mrs Emma Bonino and Mr Franz Fischler, commissioners who share responsibility for BSE issues, have issued similar proposals.

Even if those new controls are not implemented, Mr Fischler yesterday signalled his determination to ensure existing legislation on mad cow disease is implemeoted "meticulonsly", through legal action if necessary.

The countries accused have a month to submit information in their defence, and must then take any steps demanded by Brussels. Failure to do so could lead to action in the Europaan Court.

The Commission, which in February was given nine months hy the European Parliament to tighten its food safety rules or face a censure motion, said it would be sending veterinary inspectors regularly to EU states to ensure the rules were being followed.

Polish air force officer with other east Europeans on joint exercises with Nato in July last year

Kester Eddy

Poland advances towards Nato on a broad front

Christopher Bobinski on a national desire for a safe haven

NATO LOOKS EAST

Poles' vivid memories of their recent turhulent and tragic past, and a widespread yearning for security, mean that the country's drive to joint Nato is based on a broad political coneenens which sees membership as the ultimate safe haven. Indeed, like no other political issue, Nato entry unites the political spectrum. This runs from the governing former Communists, who are keen to demonstrate their pro-western credeotials ahead of parliamentary elections in September, to the fiercely anti-Communist Movement for the Reconstruction of Poland (ROP).

Mr Jan Olszewski, ROP'a leader and a former prime minister, says: "Poland has always suffered at the hands of the Germans and the Russians. Our membership of a US-led Nato means that we get guarantees that Germany, as part of the alliance, will remain a friendly state, while Russia, thanks to the alliance, can be kept at arms length."

Happily though, Poland's external security position is better than it has been for a long time. The country, with almost 40m inhabitants, is the largest of the three central European Nato aspirants and is surrounded by neighbours with whom it enjoys good relations. Indeed, any invasion by the Russians – who are assumed in Warsaw to be the potential threat – would have to come across Poland'e narrow strips of frontier with Belarus and Kaliningrad.

Thus, Poland has time to re-arrange its defences. More pertinently, the costs of re-equipping and retraining the armed forces for Nato membership can be spread over more than a decade. As one analyst commented: "If you see Nato membership as an insurance policy, and you know the risks aren't high, then Poland's premium doesn't have to be hefty."

A pro-Nato think tank headed by Mr Janusz Onyszkiewicz, a former defence minister, argues that the basic cost to Poland, including the replacement of air communications systems, will be a mere $1.3bn over 15 years. The defence ministry reckons the costs of modernising the army conservatively at more than $8bn. But Mr Onyszkiewicz argues that these would have had to be born anyway. Last year'e defence hudget was only $3.1bn, half the level of the mid-1980s.

Western diplomats agree. Much of the armed forces' weaknesses are seen as stemming from the fact that they were designed by the Soviet Union for "different sims and tasks" when Poland was part of the East Bloc. "The main question now is does Poland have a modernisation plan and the will to implement it," says one, adding that Nato is confident that the Polish military will be up to scratch within 10 years. "After all, the economy is growing, so the funds for modernisation will be there."

The Poles anyway have plans to defray the cost. They have said that the cost of future defence contracts with foreign companies, whether for fighter aircraft or rockets and avionics for locally prodnced helicopters, will have to be offset with orders placed with Polish armaments plants.

Another positive factor is that the Polish military is now seen hy Nato as being under civilian control. This condition of membership of the alliance was fulfilled earlier this year when General Tadeusz Wilecki was replaced as chief of staff. General Wilecki, appointed to the post under President Lech Walesa, argued that the army sbould in effect be in charge of military policy and could scarcely hide his contempt for civilians in top defence posts.

Much has also been done to support the "self-defence option". This places the brunt of the initial defence effort on indigenous forces, with Nato air and ground support coming in as and when the need arises. To this end, Polish officers are learning English and maps are being prepared to enable allies to find their way across the Polish plain. Nato-compatible radio receivers are being provided for the army and a Nato-linked air traffic control system is being put into place.

This is the final article in an FT series on the three countries most likely to be invited to join Nato in Madrid on July 8. The first article on June 25 looked at Hungary, the second (June 26) the Czech Republic.

EBRD's president 'to go this year'

By Kevin Done, East Europe Correspondent

Mr Jacques de Larosière, president of the European Bank for Reconstruction and Development, is expected to announce today that he will leave tbe bank towards the end of the year.

His four-year term of office expires at the end of September, and Mr de Larosière is said to have decided to go in spite of pressure from the bank's shareholder governments to stay for at least part of a second term.

Mr de Larosière, 67, a former managing director of the International Monetary Fund and governor of the Bank of France, said earlier this year that he had been asked hy Mr Ruairi Quinn, at the time Irish finance minister and chairman of the EBRD's board of governors, to remain at the bank.

He said that ths offer was "a touching manifestation of confidence from sbareholders", but that he was "not yet ready to give an answer".

In recent weeks ha has succeeded in removing some of the uncertainty over the future direction of the bank, with the appointment of Mr Charles Frank, the 60-year-old former vice president of GE Capital Services, to replace Mr Ron Freeman as vice president.

Mr de Larosière and Mr Freeman are credited with reviving the bank's fortunes after its controversial start led to the premature resignation of its first president, Mr Jacques Attali, tha former chief adviser to tha late French President François Mitterrand, in the summer of 1993.

Mr Attali was severely criticised for his high-cost management style and the bank's heavy spending on the luxurious fitting ont of its London headquarters.

Under Mr de Larosière, the bank's total administrative expenses have been kept under tight control with only marginal increases in the past three years and falling overheads, in spite of a big increase in the volume of its operations.

The EBRD was established in 1991 to assist in the transition process from centrally planned to open market economies in central and eastern Europe following the collapse of communism.

As part of other eenior management changes at the EBRD, Ms Noreen Doyle, depnty vice president finance, has been appointed risk manager centralising responsibility for all risks of the bank including credit risk and market risk.

As the EBRD expands its operations in the countries of the former Soviet Union and enters into riskier projects it is being forced to increase its provisions.

In the first quarter this year it suffered a net loss of Ecu7.9m ($9.1m), compared with a loss of Ecu700,000 a year ago, as it was forced to increase its provisions for potential loan losses by more than 70 per cent because of deteriorating credit ratings in some of its countries of operations.

EUROPEAN NEWS DIGEST

Santer gloomy about summit

Mr Jacques Santer, president of the European Commission, yesterday admitted last week's inconclusive Amsterdam summit was a bad omen for the EU's plans to enlarge towards eastern Europe.

He told the European Parliament the summit had produced only "mediocre" results, a viewed shared by the outgoing Dutch presidency. "I do not think this augurs well for enlargement." His remarks reflect a shift from his earlier post-summit optimism, and come ahead of today's meeting between the Dutch presidency and the 10 eastern applicant countries, as well as Cyprus and Turkey, each of which aspires to EU membership.

At today's meeting, the Dutch will present the new treaty and reassure applicants that the timetable for opening accession negotiations early next year is on track. The Commission will stress that its own recommendations on accession candidates will appear on July 16.

The opinions will be accompanied by proposals to reform the common agricultural policy and regional aid, the two biggest items in the Union's budget. *Lionel Barber, Luxembourg*

SPD to reject tax reform

Germany's opposition Social Democrat party made it clear yesterday it would reject the government's tax reform plans wben these come before the Bundesrat on July 4. The SPD has a majority in second chamber of the Bonn parliament.

Ms Ingrid Matthäus-Maier, SPD financial policy spokeswoman in the Bundestag, the lower bouse of parliament, said the government's proposals to introduce lower tax rates and broaden the tax base in 1998 and 1999 would fail to create more jobs, were unfair and were not responsibly financed.

Defending the reform before the Bundestag passed the legislation hy 326-301, Mr Theo Waigel, the finance minister, said it was an important part of government's plans to stimulate investment, and improve the country's ability to compete internationally and combat unemployment.

If, as now seems certain, the legislation fails to pass the Bundesrat next week, the conciliation committee of both bouses will begin negotiations on July 10 to find a compromise.

■ The German defence and finance ministries yesterday expressed confidence that funds would be found in the 1998 federal budget to develop the four nation Eurofighter aircraft project.

Mr Volker Rühe, the defence minister, said talks yesterday with Mr Waigel, the finance minister, had shown that the views of the two ministries about next year's defence budget were close. Mr Rühe has insisted that the 1998 defence spending should rise in line with earlier plans to DM46.9bn ($27.5bn) from DM46.2bn in this year's budget. *Peter Norman, Bonn*

Job figures relief for Jospin

French unemployment was "only" 12.5 per cent in March and not a postwar record 12.8 per cent as previously estimated. The new figures, which should come as a welcome fillip to the Socialist-led government, were disclosed yesterday by Insee, the national statistics institute, following its annual employment survey.

The organisation said previous estimates had underestimated the unemployment rate among young people of less than 25 years of age, hut overestimated the rate among their elders.

News of the revision came as Mr Lionel Jospin, the prime minister, reiterated his intention of giving "absolute priority" to jobs while honouring France's commitments on European economic and monetary union. *David Owen, Paris*

■ French consumer spending in May fell by 1.1 per cent compared with the month before and was up 0.4 per cent from a year earlier, Insee reported yesterday. The April figures were revised down from 1.5 per cent to show a rise of 1.2 per cent. *AP-DJ, Paris*

Dutch telecom charges cut

The Dutch government yesterday ordered KPN, the country'e privatised posts and telecommunications utility, to cut by 10 per cent the charges it is seeking to impose on new providers of basic phone services for routing their calls to its customers. The ruling by Mrs Annemarie Jorritsma, minister in charge of the sector, came five days before it is opened to full competition.

She found that KPN, in calculating costs for so-called terminating access, had unjustifiably included expenses for marketing and overheads. The minister left untouched KPN's proposed tariff for "originating access" – calls made by its own subscribers which need to be routed through competing networks.

Her ruling was in response to a complaint brought by Telfort, a joint venture between BT of Britain and the Dutch state railways and a main challenger to KPN's current monopoly.

Telfort described the reduction in charges for terminating access from 4 Dutch cents (2 US cents) a minute to 3.6 Dutch cents as "a good wedge in the door", but argued that they remained high by international standards. *Gordon Cramb, Amsterdam*

Independent support puts Ahern in the driving seat

By John Murray Brown in Dublin

Mr Bertie Ahern, the Fianna Fail leader, yesterday became Ireland's youngest prime minister, after securing tbe support of a handful of independeot deputies to form a minority coalition government with the right-of-ceotre Progressive Democrats.

At 45, he will be Ireland's youngest prime minister. Ms Mary Harney, the PD leader, was appointed the first woman deputy prime minister, or Tanaiste.

Mr Ahern was backed by 85 members of the 166-strong Dail (parliameot), ending three weeks' deliberations following the inconclusive general election result on June 6. Fianna Fail won 77 seats and the PD four. Four independents agreed to give tbeir support after being offered an array of sweeteners which included a pier in South Kerry and money for roads, a school, and a veterinary centre in Wicklow.

Mr Ahern also received the vote of Mr Caoimhghnin O Caolain, the first member of Sinn Fein, the IRA'a political wing, to take a Dail seat since the foundation of the state.

The new prime minister dismissed fears that his administration would prove unstable, pointing out that many of Ireland'e best governments had been minority ones. He expressed confidence that his would outlast the average duration of Irish governments of just 32 months.

However, the coalitioo's ahility to steer key legislation through the Dail could be vulnerable in vital parliamentary committees, where Fina Gael, the outgoing governing party, says it will target its main effort. Mr Ahern could face his greatest test securing support for his proposed November budget.

Despite opposition charges that be has already sbandoned his electoral pledge for fiscal rectitude through his largesse to independents, be has promised to be tougher on public spending than the outgoing coalition.

Mr Ahern was previously finance minister under the 1992-1994 government of Mr Albert Reynolds. He earlier served as Fianna Fail whip, and will have little truck with party ill-diecipline, often the party's downfall in the past.

He inherits an economy, which Mr Ruairi Quinn, outgoing finance minister, described as "in the best condition it has ever been, since our independence as a nation".

His front bench, however, is short of experience at a time when Ireland looks to secure a settlement in Northern Ireland. On Europe, the government faces the task of taking Ireland into a European single currency, while maintaining its leverage as Brussels prepares for enlargement to the east.

International monitors hope to block ballot-rigging as bitter rivals promise to honour election results

Albania poll needs a fair wind

By Guy Dinmore in Tirana

Wild-eyed and boarse from shouting. President Sali Berisha yesterday exhorted a frenzied crowd of young supporters to stamp out the "communist" enemy and re-elect his Democratic party in Albania's general elections on Sunday.

"On June 29 Albania will be yours," the former beart surgeon declared. "The communists wanted to kill your bopas, bnt we won't let them," be told tha rally.

"Victory. Yes, yes, yes," chanted the flag-waving crowd whipped up by rock music and break-dancing in a Tirana concert hall.

But despite sucb stage-managed dlaplays, Mr Berisba's Democrats are almost certain to lose their masslve majority in parliament if some 700 European and US observers, protected by a 7,000-strong Italian-led multinational force, can prevent a repeat of the fraud and intimidation tbat marked the last general elections in May, 1996.

"It won't be perfect on the day," conceded Mr Tony Welcb, co-ordinator for about 500 monitors from the Organisation of Security and Co-operation in Europe (OSCE). "But if the result is satisfactory to the Albanian people then we will have achieved something... With a fair wind and good grace, that's wbat we will get."

Sucb bopes are ill-founded, say Albanian commentators who see tbeir poverty-stricken country of 3.5m people deeply divided and ungovernable since the collapse of fraudulent pyramid scbemes in January led to mass unrest and the breakdown of central authority.

An estimated 75 per cent of Albanians lost money in the scbemes, which had been backed by Mr Berisha's government. More than 1,500 people have died in the violence and gangland killings that followed.

The two main parties, the Democrats and Socialists, signed an agreement in Rome on Monday pledging to fight a free election and honour the results. But events since tben bave demonstrated that Mr Berisha and his northern-based supporters will not relinquish power readily if they lose.

At one campaign rally Mr Berisha vowed to "freeze the smile on the lips" of the Socialists, wbo are confident of sacuring a majority in parliament for their leftwing coalition.

> Events have demonstrated Berisha will not relinquish power readily

Democratic party leaders stress that their candidates have been unable to campaign across southern Albania, the most populous part of the country, where "rebel" committees and mafia leaders vie for control of towns that once profited from the smuggling of drugs and people to western Europe.

His face bruised from an attack be blamed on Socialist gangsters in the southern town of Saranda, Mr Leonard Demi, a senior Democrat, claimed his party was barred from campaigning in one-third of the country.

In reply the Socialists, heirs to the communists but now proponents of market reforms, say they have been harassed in the north and accuse the Shik secret police of preparing to rig tha polls once darkness falls.

Mr Berisha has resisted OSCE requests that the 4,525 polling stations close earlier than 9 p.m. wben it is already dark. Because of their limited numbers and fears for their safety, OSCE monitors will observe the counting of votes in only about 90 polling stations unless closing time is brought forward.

On Tuesday masked men wlth Kalashnikovs and a rocket grenade-launcber blocked the main road leading to the northern town of Shkoder to stop what they had beard would be a convoy bringing Mr Fatos Nano, the Socialist party leader.

Nearby another group of armed Berisba aupporters used a lorry to block a bridge in the town of Lezha. Stuck among a long line of trucks and cars were a patrol of Spanish soldiers in tbeir armoured personnel carrier. Despite orders to aecure the bighway, tbeir officer insisted they could do nothing about roadblocks.

Mr Fatos Lubonya, a commentator and writer wbo spent nearly 20 years in prison under the Communist dictator Enver Hoxha, is gloomy about the prospects for Albania but donbts that a north-soutb civil war will erupt if one side or the other refuses to recognise the election results.

"Open conflict is not our tradition," ba said. "Threats and secret killings are the way. There will be no war and no peace, even after the elections."

Mr Berisha, who came to power in 1992 and replaced nearly 50 years of communism with his increasingly autocratic style of rule, was given another five-year term by the Democrat-dominated parliament in March. The Socialists will need a two-thirds majority to oust Mr Berisba if be refuses to go willingly.

Albanians will also vote in a referendum on Sunday on tbe monarchy. The throne has been vacant since King Zog fled in 1939 with much of the country's gold as Mussolini's troops invaded. Few expect hls son, the would-be King Leka, to succeed.

Italian soldiers stand guard as OSCE observers check ballot papers Reuter

Budget approval will boost Ukraine economy

By Chrystia Freeland in Moscow

The Ukrainian parliament is poised to pasa the much delayed 1997 budget today, just before MPs leave for their summer recess.

Passage of the budget could be an important boost for Ukraine's flagging economy, making it possible for international financial institutions to resume lending and increasing lts creditworthiness in the eyes of western investors.

Earller this montb Ukraine's shaky reputation received another boost wben Mr Pavlo Lazarenko, the widely criticised prime minister, retreated to hospital in a move observers say signals his imminent sacking.

The leftwing-dominated parliament has stalled tbe budget for months as part of its broader effort to derail the government's ambitious, but largely unimplemented, economic reform programme.

However, Mr Oleksandr Moroz, the speaker, said yesterday he expected the budget to be passed in its third and final reading this morning.

"There's not anyone left wbo is opposed to the budget," said Mr Oleksandr Tkachenko, ancborman of Ukraine's leading television news programme, in an interview from Kiev. "They are all tired out."

Approval of the budget, which envisages a deficit of 5.7 per cent, is likely to be good news for a mission from the International Monetary Fund, which is expected to arrive in Kiev over the weekend to continue talks on a long-delayed loan of up to $3bn.

"It is a financial step, but even more importantly, it is a political signal to partners in tbe world," said Mr Hubert Pandza, senior vice president of Deutsche Bank overseeing eastern Europe and central Asia. "Passing the budget would prove that the government is able to handle the situation."

However, other observers warned that the Ukrainian economy still threatened to be beld back by the parliament's fallure to pass a far-reaching package of tax reforms, which the government had boped would provide a vital stimulus for growth.

EBRD pressed over nuclear loan

The G7 wants funds for a Chernobyl replacement project, reports **Sander Thoenes**

Shareholders of the European Bank for Reconstruction and Development will today consider bending the bank's own rules to release its largest loan to date, for completion of two controversial nuclear power plants in Ukraine.

The Group of Seven industrialised countries had asked the bank to lend $370m towards completion of two abandoned reactors as part of the group's $3bn aid package promised to Ukraine in return for closing down the Chernobyl complex of power plants. The G7 wants Chernobyl closed but is also eager to keep Ukraine from becoming even more dependent on Russian gas supplies.

The $1.2bn project, to be co-financed by the European Atomic Energy Community (Euratom), was thrown into doubt in February wben two independent studies for the EBRD concluded that it did not meet the bank's "least-cost" criteria. One concluded that the project was based on "unrealistic" assumptions about demand, fuel prices and cost of capital. It recommended funding gas-fuelled power plants, energy-saving measures and deregulation programmes instead.

In an informal but decisive meeting, EBRD shareholders may ignore the bank's requirement to ablde by the studies but ask for a new feasibility study for funding one plant first, thus limiting the bank's exposure. They may also waive or ease the bank's least-cost requirement.

That requirement is for a reasonable probability that the project is tbe cheapest option, based on assumptions about factors such as the growth in gross domestic product and energy demand in the recipient country.

"This would mean a change of policy," said Mr Heiner Luschin, EBRD director for Austria. "I would like the bank to stick to its own rules, especially on such an important project. This would be by far our largest loan. It is not least-cost."

Ukraine has said it will keep operating one Chernobyl reactor unless western countries finance alternative power plants. Powerful engineering companies in the United States, Germany and France are eager to win contracts for new Ukrainian reactors.

Two board directors said the EBRD management ls adamant about upbolding the bank's credibility and may simply refuse to submit the project to the board, but the bank is under strong pressure from the larger sharebolders to move ahead. Tbe G7 and the European Commission have dismissed the least-cost study as incomplete.

The UK government indicated that its director would support funding both reactors. "We don't feel that tbe least-cost principle sbould be determined by the most extreme assumptions that anybody could dream up," a spokeswoman said.

Environmentalists and European parliamentarians have objected to the project, saying that safety standards at Ukrainian power plants are too low. EU nuclear experts approved the project's safety standards using largely unverified Ukrainian government information.

The EU court of auditors this month lambasted TACIS, tbe EU aid program for tbe former Soviet Union, for poor implementation and "superficial" monitoring of nuclear safety programmes in Ukraine, worth Ecu78m by the end of 1996.

Mr Yury Poluneev, EBRD director for Ukraine, said: "Completion of these two units will be the most economical. The only thing that should guide us is what will happen if this project is not financed. Ukraine may not sbut down Chernobyl. Ukraine will proceed with completion of the two reactors."

The bank has funded tbe refitting of a thermal power plant in Ukraine but it has balked at financing completion of two nuclear reactors in Slovakia.

US Supreme Court says No to assisted suicide

By Patti Waldmeir in Washington

The US Supreme Court yesterday ruled unanimously tbat Americans had no constitutional right to be helped to die, allowing state governments to continue to ontlaw doctor-assisted suicide.

Assisted suicide is an issue which divides societies worldwide, and raises profound problems for courts and legislatures. Yesterday's decision, one of the most important of a heavily charged Supreme Court term, reflects widespread American disapproval of the practice.

"The history of the law's treatment of assisted suicide in this country has been and continues to be one of the rejection of nearly all efforts to permit it," wrote Chief Jnstice William Rehnquist. But he said American society should continue to debate the issue.

The court refused to create a new constitutional right for mentally competent and terminally ill patients to get medical help to commit suicida. In 1990, the Court ruled there was a constitutional right to refuse unwanted treatment to prolong life.

Many etates have laws making it a crime for a doctor to help a patient die. Yesterday's decision upheld such laws in Washington state and New York. "The difficulty in defining terminal illness and the risk that a dying patient's request for assistance in ending his or her life might not be truly voluntary justifies tha prohibitions on assisted suicide," Justice Rehnquist wrote.

Yesterday'e decision permits states to outlaw assisted suicide, but it does not necessarily compel them to do so. Oregon has enacted a law allowing the practice, though that is now subject to legal challenge.

The Clinton administration had urged the court to rule against assisted suicide, arguing that there was a "commonsense distinction ... between killing someone and letting them die."

Yesterday's decision was one of several important rulings handed down this week, as the court winds up a highly significant term. At a time when Congress is sidestepping larger national issues such as reform of the social safety net, and when the administration is bogged down in scandal, many of the most important decisions affecting American society are mada by the high court.

In a ruling which will give the President significant new power, the court ruled he will be able to veto specific items in spending legislation, without sacrificing the entire bill. But the court stopped short of determining finally whether the so-called "line-item veto" is constitutional. It ruled that those challenging the veto did not have the proper legal standing to bring their case, but made clear the law could be challenged anew once the president actnally exercises the veto.

On Wednesday, the court issued a landmark ruling on religious freedom, limiting congressional power and reminding other branches of government of the power of the judiciary. It also struck down a $1.3bn class action settlement to alleged victims of asbestos exposure.

One outstanding case remains this term: the Brady gun control bill, which questions whether the federal government can compel local law enforcement officials to do background checks on gun owners.

The prospect of a leftwing mayor in the capital has alarmed businessmen

Sleepless nights in corporate Mexico

By Leslie Crawford in Mexico City

To believe Mexican bankers, a fate worse than death awaits the country if the leftwing Revolutionary Democratic party (PRD) wins Mexico City's first-ever mayorship election on July 6.

The almost certain victory of Mr Cuauhtémoc Cárdenas, son of a revered Mexican president, a twice-defeated presidential candidate and a founding father of the PRD, bas so alarmed bankers and business leaders that many beve issued warnings against voting for the PRD.

Earlier this month, Mr Antonio del Valle, president of tbe Mexican bankers' association, predicted "an economic crisis worse than the one in 1995, galloping inflation and massive capital flight" in the event of a PRD victory. Mr Del Valle challenged Mr Cárdeoas to a public debate on economic policy.

Leftist frontrunner Cuauhtémoc Cárdenas (right) after debate with the PRI candidate Reuter

The bankers' leader was joined by Mr Héctor Larios Santillán, of the co-ordinating council of businessmen, who warned that the PRD threateoed to undo many receot ecooomic reforms. "Businessmeo do not want a return to populism," he said. Only a vote for the ruling Institutiooal Revolutiooary party (PRI) would ensure continuity of Mexico's free-market policies, Mr Larios said.

Tbe corporate ooslaught against the PRD appears to have been triggered by Mr Cárdenas's criticism of the cost to the taxpayer of a $26bn bailout of the banking system during Mexico's financial crisis in 1995.

Mr Cárdeoas also promised to fight for changes to a receot law which privatised pension benefits. He urged workers to withhold savings from private pension funds until banks lowered manageme0t fees and guaranteed retiremeot beoefits. "There is a danger retirement savings will be used to rescue the banks from technical insolvency," he warned.

Although Mr Cárdenas clearly meant to inflame the banking community, the ensuing attacks against the leftwing candidate backfired with a ferocity bankers had not anticipated.

Mr Andrés Manuel López Obrador, the national leader of the PRD, accused the busioess community of using the same scare-mongering tactics that helped the PRI to victory in the 1994 presidential elections.

"In 1994, it was Mr Roberto Hernández, president of Banamex, Mexico's biggest bank, who predicted a ruinous devaluation and capital flight if the opposition won the elections," Mr López Obrador reminded critics. "And these terrible events did indeed bappen, bnt under a PRI government which Mr Hernández helped to place in power."

The day after Mr Del Valle issued his doomsday scenario for the economy, Mr Cárdenas called him "a lackey of the PRI" and accepted the challenge to debate the economy. Mr Del Valle backed out, leaving Mr Cárdenas with the moral high ground and an extra lead in the opinion polls, which now show him winning with 40 per cent of the vote, against 21 per cent for his nearest rival, Mr Carlos Castillo of the rightwing National Action party. The PRI is trailing a poor third in the capital.

"It was a public relations disaster," says a fellow banker.

The elections on July 6 will also include balloting for six state governors, one-quarter of the Senate and the entire 500-seat Chamber of Deputies, where the PRI, according to opinion polls, could lose its absolute majority.

While the prospect of a bung parliament and a leftwing mayor in Mexico City dismays PRI businessmen, it does not seem to bother foreign investors, who are pouring money into the Mexican stock exchange.

"If the PRI loses control of Congress," says Mr Jorge Mariscal at Goldman Sachs in New York, "Mexico will simply join a long list of nations where legislation must be negotiated rather than pusbed through by decree."

It may not be thet simple. Mr Gray Newman, chief economist at HSBC James Capel in Mexico City believes Mexico is entering new political terrain. The mayor of Mexico City will be the second most important elected official in Mexico after the president. "By virtue of his position," Mr Newman says, "Mr Cárdenas will be capable of forcing national debates on economic policy, something which has not really occurred to date."

Perhaps it is the prospect of Mr Cárdenas training his sights on the presidential vacancy three years hence, which is giving Mexican bankers so many sleepless nights.

More than 30,000 copies of a video attempting to link the leftwing Revolntionary Democratic party (PRD) to images of guerrilla uprisings and urban violence were impounded by police in Mexico City on Wednesday nigbt, Leslie Crawford writes.

The video shop employees, who also reproduced pornographic material, refused to say who had paid for the political video nasties, wbicb were being distribnted in vans camouflaged with PRD election posters.

PRD congressmen, wbo discovered the shop and led police to the videos, said the anti-PRD propaganda formed part of a "dirty war" against their party, which is leading tha polls in Mexico City ahead of the July 6 elections.

AMERICAS NEWS DIGEST

Canada acts to defend currency

Tha Bank of Canada has reversed a two-year drop in domestic interest rates to brake a sudden slide in the Canadian dollar. The Bank rate climbed e quarter of a percentage point to 3.5 per cent. This compares with a rate of 7 per cent in mid-1995.

The timing of the move, which followed active intervention by the bank earlier this week to support the Canadian dollar, took markets by surprise.

The rate rise quickly pulled the currency up more than a cent to C$1.38. But it was unclear yesterday morning whether commercial banks would follow the central bank's lead by raising lending rates. The prime lending rate is at present 4.75 per cent against 8.5 per cent in the US.

The Canadian dollar has come under growing pressure as the gap between domestic and US interest rates has widened in Canada's favour.

The economy has responded strongly in recent months to the slide in interest rates. Retail sales jumped 7.2 per cent in the year to April. Some economists hava raised 1997 gross domestic product growth forecasts from about 3 to 3.5 per cent. They have warned thet a continued easing of monetary conditions risks uncorking inflation, running at 1.5 per cent. *Bernard Simon, Toronto*

Congress to back budget bill

The US Congress is expected to approve today a bill thet proposes to balance the federal budget by 2002. The Senate will vote on the tax-cutting section of the budget bill, including the largest net reduction in US taxation in 16 years. Yesterday, the House of Representatives passed its version of the tax-cutting proposals. On Wednesday, both houses passed bills approving the overall outline of public spending for the next five years.

But the long-running struggle of Congress and the White House to eliminate the government's budget deficit is still not over. Following the passage of the two bills, congressional and administration leaders will meet after next week's July 4 recess in an effort to recoocile the many points of disagreement that remain.

President Bill Clinton is opposed to various elements of the spending and tax plans and has promised to veto them if they are not changed. The White House is against congressional proposals to reduce spending on Medicare, the health insurance system for the elderly, by raising premiums paid by senior citizens.

Mr Clinton wants the bills to include more efforts at extending bealth insurance for children, and permitting legal immigrants to receive welfare benefits end a broader tax credit for all Americans, not just the $500 per family credit in the budget bills. *Gerard Baker, Washington*

Venezuela eyes poll reforms

The Venezuelan Senate yesterday began debating an historic electoral reform lew that attempts to add credibility to the election process but which critics say is only cosmetic.

The original design of the law was to cut back fraud, increase voter representation, and provide equal opportunities to all candidetes. In the national elections of 1992 and 1995, results in four and then five of 20 states were declared void as a result of alleged fraud. According to the proposed electoral law approved by the lower house last week, the national electoral council will no longer be made up of party members, while local electoral boards will be not be chosen by the dominating parties. The casting and counting of votes is to be automated, while the length of the election campaign and of televised advertisements would be limited. But the plans have already been watered down and now risk losing more bite in the senate. *Raymond Colitt, Caracas*

Unilateral limits for salmon

The US and Canada are each preparing to unilaterally set fishing limits for Pacific northwest salmon after the two sides failed to reach an agreement to divide this year'e harvest. Canada is expected to allow fishermen to intercept the maximum US-bound fish possible within conservation limits, while the US is preparing to increase its catch of Canadian-bound salmon.

Both sides continue to trade proposals, but it appears neither side is willing substantially to alter its position. Face-to-face talks between the two nations to divide the salmon harvest broke off in acrimony last week as each side accused the other of being unwilling to compromise.

The talks failure is likely to increase cross-border tensions and could lead to punitive measures imposed by Canada. Canada claims its harvest of the C$500m ($359.70m) fisheries weighs in the US's favour as US fishermen in Washington and Alaska intercept too many Canadian-bound salmon.

The US wants Canada to reduce its catch of endangered coho salmon to replenish stocks, but Canada insists that the US reduce its catch of Canadian-bound sockeye salmon. *Scott Morrison, Vancouver*

Chile rejects pest rumours

By Imogen Mark in Santiago

Cbile's authorities beve reacted firmly this week to scotch rumours that a potentially disastrous pest outbreak bas occurred in its rapidly growing wine industry.

A statement from the agriculture ministry concerned phylioxere – e pest thet attacks vines et their roots and has a special preference for the best quality plants.

The ministry etated that Chile "cootinued free of the presence of the [phylloxera] insect, as it has been for the past 100 years".

There have been substantial investmeots by both local and foreign investors over the past decade, and productioo has risen from a modest 117,000 hectolitres in 1986 to 1.8m last year, worth $284m.

The major wineries have been increasing their own estates. Concha y Toro, the biggest company, now owns more tban 2,500ha of fine wine varieties. It went into a joint veoture earlier this year with Baron Philippe de Rothschild, producers of the Mouton-Rothschild wines, and have set aside 40ha of cabernet sauvigon grapes in tbe Maipo valley, close to Santiago, to develop a super-premium wine with the help of French eoologists.

They and other vineyards are also experimenting with new grape varieties, such as Malbec, Syrah, and Pinot Noir. Bnt all new plants brought into Chila must be kept in quarantine for two years, under the eye of the agricultural ministry.

To date the system seems to have worked in keeping out foreign pests, though there have been occasional breakdowns – there was an outbreak of fruit fly some years ago, apparently brought over the border in fruit in a truckdriver's lunch box.

As proof of confidence in the system, the Chilean vineyards rontinely plant non-phylloxera resistant strains, according to Concha y Toro. In its Argentine property, the company says, it uses the costlier resistant strains.

But as trade and economic integration increases steadily among Chile and its neighbours, there has been concern emong its fruit farmers about the higher risk of infection.

The recent scare may strengtheo their demands for tough controls if and wben Argentine growers are given free access to ship from Chilean ports.

Fresh twist in Brazil scandal

By Geoff Dyer in São Paulo

The personal assets of São Paulo's mayor have been frozen as part of a scandal over municipal and state bond issues in Brazil.

An Injunction was awarded by a judge after public prosecutors from the state of São Paulo brought a legal ection claiming that the mayor, Mr Celso Pitta, was one of several individuals responsible for e R$10.7m (US$10m) loss on allegedly irregular bond issues by the city.

Mr Pitta'e office said yesterday that he would appeal against the injunction and that the accusations were "rash and absurd".

In pugnacious testimony to a congressional inveetigation into the scandal last week, Mr Pitta said that the city had made a profit on the bond issues and accused his critics of not understanding financial markets.

The Senata inquiry has alleged that tha states of Santa Catarina, Pernambuco and Alagoas, and the city of São Paulo, had illegally issued more than $1bn of bonds through a network of brokerages, which received huge commissions and made sizeable loases on repurchasing the bonds.

The six-month investigation, which is due to close soon, has been stepping up the pressure on the politicians involved. Naxt week, the Santa Catarina state legislature will vote on whether to impeach the governor, Mr Paulo Afonso Vieira.

São Paulo prosecutors have also called for Mr Pitta to be stripped of his office and barred from politics for more than five years. Their case is based on tha preliminary report of the Senate inquiry and evidence from the central bank.

Mr Pitta, who only took office as mayor of South America's largest city in January and who is Brazil's leading black politician, is also under investigation by the tax authorities. He was the city's finance secretary from 1994 to 1996, when the allegedly illegal bonds were issued.

His involvement in the scandal is also a blow to the political ambitions of Mr Paulo Maluf, his mentor and predecessor as mayor.

Mr Maluf had hoped to run for president next year; however, in part because of the bond scandal, he is now expected to be a candidate for the state governorship instead.

US business vows to fight pollution drive

Big losers from tough new environmental protection standards are expected to be the utilities

By Gerard Baker and Nancy Dunne in Washington

As environmeotalists celebrated, US business was coming to grips yesterday with what could prove to be one of the most significant and costly environmental protection measnres ever undertaken by the US government.

President Bill Clinton's decisioo oo Wednesday to endorse the tough new standards on smog and soot pollution proposed by the Environmental Protection Agency (EPA) was immediately condemned by a range of business leaders and politicians from big industrial states.

"The new standards will inflict terrible economic damage to our urban areas and undermine existing programmes already working to make the air cleaner," said Mr Jerry Jasinowski, president of the National Association of Manufacturers.

"This is an issue we'll go to war on," said Mr Ron Klink, a Democratic Congressman from Pennsylvania. Congress will have 60 days to review the proposals from their formal publication next month and may try to overturn them.

The president's backing for the EPA line had not been expected either by supporters or opponents. It followed a fierce debate within the administration, in which economists in various departments argued strongly against a full endorsement of the EPA's proposal. They argued that the change would indeed damage US business – by as much as $60bn per year, according to one government department – and that the science on which it was based, identifying the health risk of ozone and soot pollntion, was inconclusive.

The measures, first proposed by the EPA last November, limit ozone in the atmosphere to 0.08 parts per million, down from the current 0.12 parts per million, and set a maximum level for the first time for very small particulate matter, or soot, of 65 micrograms per cubic metre daily, and 15 micrograms per cubic metre annually.

A critical factor in Mr Clinton's decision seems to have been the need to shore up political support for Mr Al Gore, the vice-president. Mr Gore has cast himself as a leading supporter of the green cause throughout his tenure, but in the last few months environmentalist groups have attacked him for going soft on the green cause.

As the leading contender for the Democratic party's presidential nomination in 2000, Mr Gore urgently needed some concrete achievements, and it seems Mr Clinton has given him one.

The big losers from the change will be utility companies. In the Midwest especially, coal-burning power stations will be forced to install expensive new technology to reduce the amount of pollutants they produce.

"This is not just about the big traditional industries," said Mr Jonathan Adler, an environmental specialist with the Competitive Enterprise Institute. It "will affect small businesses from bakeries to printers".

Since the EPA'a rules are applied to individual counties in the US, it will be local governments which will have the difficult task of complying with the limits. They will be forced to require companies and individuals to reduce their emissions. Earlier this week, alarmed at the scale of the task, the US conference of mayors voted to oppose the new standards

The rules are to be edopted next month, but local governments and businesses will be given a long period to adjust. The ozone rules will not come into effect before 2003, and even then companies and local governments would be allowed a seven-year transition period. A 10-year period is likely in the implementation of the soot standards.

Editorial Comment, Page 13

Erie fends off economic slings and arrows

Nafta is just one of many challenges to business in the US industrial heartland, writes Nancy Dunne

NAFTA

Not much distinguisbes Erie, Pennsylvania, from mld-sized cities of the flat, fertile industrial Midwest – except the silver-blue waters of Lake Erie lapping at its shore and the railroad bridges painted with scenes of a proud past.

Lake Erie was the scene of a glorious naval triumph against the British in 1812, and tha city's State Street railway bridge depicts the battle's victory message as relayed by Commodore Oliver Hazard Perry: "We have met the enemy and they are ours."

The citizens of Erie no longer fear foreign aggression, but there is, in the minds of some, another threat from abroad – competition for jobs from countries with cheap labour.

In Washington, tha opponents of the North American Free Trade Agreement (Nafta) argue that the pact with Canada and Mexico will strip towns like Erie of their manufacturing piants. But in Erie, itself, Nafta is seen as just one of an array of forces bringing turhulence to the economy. Far more jobs are lost to automation than to trade.

"There are a lot of misconceptions about Nafta – that companies are being hurt hy low wage competition from Mexico," said Mr Jim Baker, spokesman for the city's busy Jobs Centre. "Some companies are being hurt, but in most cases this would have occurred with or without Nafta."

Trade was always the lifeblood of cities like Erie, founded on a natural harbour and an early exporter of salt and ores before it became a manufacturing centre. About a quarter of manufacturers rely on export markets, and the local business establishment promotes foreign husiness ties by dispatching delegations around the world. The Chamher of Commerce is preparing a trip to Mexico, and heiping to set up a "sister city" link with Mérida, Mexico.

Sentiment in Erie reflects the national debate over Nafta. Business supports it, although a recent survey of local chief executives evaluated its impact as negligible. But Mr Donald DePlacido, president of the Chamber of Commerce, says it will take time before Nafta's benefits reach Erie. "Nobody can convince me that in the long term Nafta isn't the right thing to do in this glohal economy," he says.

The unions, just as viscerally, despise Nafta. "I don't believe lt has improved the well-being of the Mexican worker like it was supposed to so they can huy American-made goods," says Mr Pat Brun of the AFL-CIO union grouping.

Townspeople, gathered at a recent round table, barely mentioned the pact as they dlscussed challenges Erie confronts. The local economy is volatile but has been for years as the fortunes of companies ehh and flow.

Industry in Erie: far more jobs are lost to automation than to free trade with countries where labour is cheap
Art Becher

New johs gained from expansions usually pay less than those which are lost from downsizing, which often means longer hours of work and increased strains on families. Many who lost pensions along with long-time employment are fearful of the future, and concerns abound that the educational system is inadequate to prepare children for demands of the information age.

The loss of only 834 jobs at four companies in a county workforce of 127,300 has been officially laid at Nafta's door. One of those companies, Zurn Industries, attributed the firing of more than 200 workers to competition from Canadian companies. General Electric cut about 70 jobs in Erie when it restructured its money-losing motor industrial division and moved jobs to Mexico and Canada.

"Nafta's effect is more to the north. Canada is only 26 miles away," says Mr Don Hosford, a customs broker. "That's where we do most of our foreign business." Erie's ship rapair facility has gained some new Canadian customers. Mr Ray Heidt of Quin-T Corporation, which makes gasketing material, says Nafta has made his company a little more competitive but he finds it difficult to sort out gains he may have derived from lower tariffs from the effects of the booming US economy.

The number of manufacturing johs in Erie has declined – from 41,900 in 1976 to 34,000, but the drop is much less than in the US as a whole. The manufacturing sector provides 28 per cent of the jobs, compared with 18 per cent nationally, because the region has made intensive efforts to retrain workers for the kind of highly skilled jobs needed by the most competitive companies.

Adjustment to the volatility of the economy is being managed hy the Strategic Round Table, composed of leaders of local business, economic development and joh training agencies. Their objective is to maintain and modernise the city's manufacturing base and retrain workers for the new jobs availahle.

Nafta's impact – and that of foreign competition from elsewbere – has been greatest in forcing small and mid-size companies to understand that they must continually reinvest and modernise, said Mr Robert Ploehn, president of the county's economic development corporation. Erie is prepared to help them.

The Regional Skills Centre, one of the largest in the north-east, works closely with companies to train workers for jobs such as maintenanca technicians and tool and die makers. The Technical Institute, founded six years ago, now places thousands of atudents in training schools and colleges to upgrada skills and education.

Many workers, lacking confidence in their ability to retrain, have found jobs – usually lower paying – in the city's expanding retail sector. A mall, outside the city, with 200 shops and a 17-screen cinema hrings in customers from New York, Ohio and Canada, lured hy tax-free clothing outlets. Other jobs are to be found in a city centre that is being transformed through economic and port development initiatives.

Workers, certified hy the US labour department as having lost their jobs as a result of trade with Mexico and Canada, are eligihle for retraining assistance and extendad unemployment benefits.

● *This is the fifth in a series on Nafta in the run-up to the Clinton administration's review of the trade pact, to go before Congress on July 1. Other articles appeared on June 6, 11, 18 and 25.*

Japanese vehicle exports show a 28.8% rise

By Michiyo Nakamoto in Tokyo

Japan's vehicle exports during May climbed 28.8 per cent, the twelfth consecutive monthly rise on an annual basis, confirming the beneficial impact of the weaker yen on Japanese industry.

May's rise brought overall vehicle exports to 346,532 for the month, supported by a 32.6 per cent increase in car exports, the Japan Automobile Manufacturers' Association said. The vehicle exports rise is likely to fuel concerns of further friction with the US, following worries over Japan's growing trade surplus.

The American Automobile Manufacturers' Association has urged Japan to reverse the trend of rising Japanese exports and dacreasing US sales there. Also in May, US car sales in Japan fell 28 per cent year-on-year, a reversal the AAMA blamed on tha weaker yen and the rise in April of Japan's consumption tax from 3 to 5 per cent.

US carmakers have been atruggling to win greater acceptance of their vehicles in the Japanese market, where Japanese manufacturers have been waging a marketing war. Japanese carmakers have also introduced a wider range of attractive recreational vehicles at competitive prices.

In overseas markets, the improved competitiveness of Japanese vehicles, a result of the weaker yen, has supported a firm increase in exports over recent months. Exports to North America rose 24 per cent in May; exports to the European Union climbed 36 per cent. For Toyota, Japan's biggest vehicle maker, exports to the EU were particularly strong. Exports to the UK were up 10 per cent; those to Germany up 29 per cent.

Toyota and Honda have faced demand for their recreational vahicles abroad. Honda, which temporarily halted exports of Civics and Accords, has had to resume exports to meet demand.

The Camry, Toyota's popular saloon car, beat Ford's popular Taurus model to become the best-selling car in the US for several months this year. "Production of the Camry can't keep up with demand," said Mr Takaki Nakanishi, industry analyst at Merrill Lynch in Tokyo.

WORLD TRADE NEWS DIGEST

HK enforces copyright

Hong Kong will start enforcing its newly enacted copyright ordinance today as part of government efforts to strengthen protection of intellectual property rights in the territory. Trading partners, particularly the US, have pushed for stronger measures. They claim that rigorous enforcement of patents and copyrights will support the separate treatment of Hong Kong and China in trade issues, which is promised in accords governing the territory's transfer of sovereignty to mainland China next week.

"For the first time, we will have a completely independent, modern and user-friendly intellectual property regime based on local laws," a spokesman for the trade and industry department said. "The ordinance is in line with prevailing international standards on copyright protection."

Enforcement has been boosted by allowing courts to accept an affidavit as the basis of proof. Penalties for first offenders of copyrights have been douhled, to a possibla maximum fine of HK$50,000 (US$6,457) for each infringing copy and up to four years' jail. Hong Kong will also establish its first designs registry. Maximum duration of protection will be 25 years. Patents registered in China, the US and UK can be registered in Hong Kong with a 20-year duration. *John Ridding, Hong Kong*

New Skoda plant for Brazil

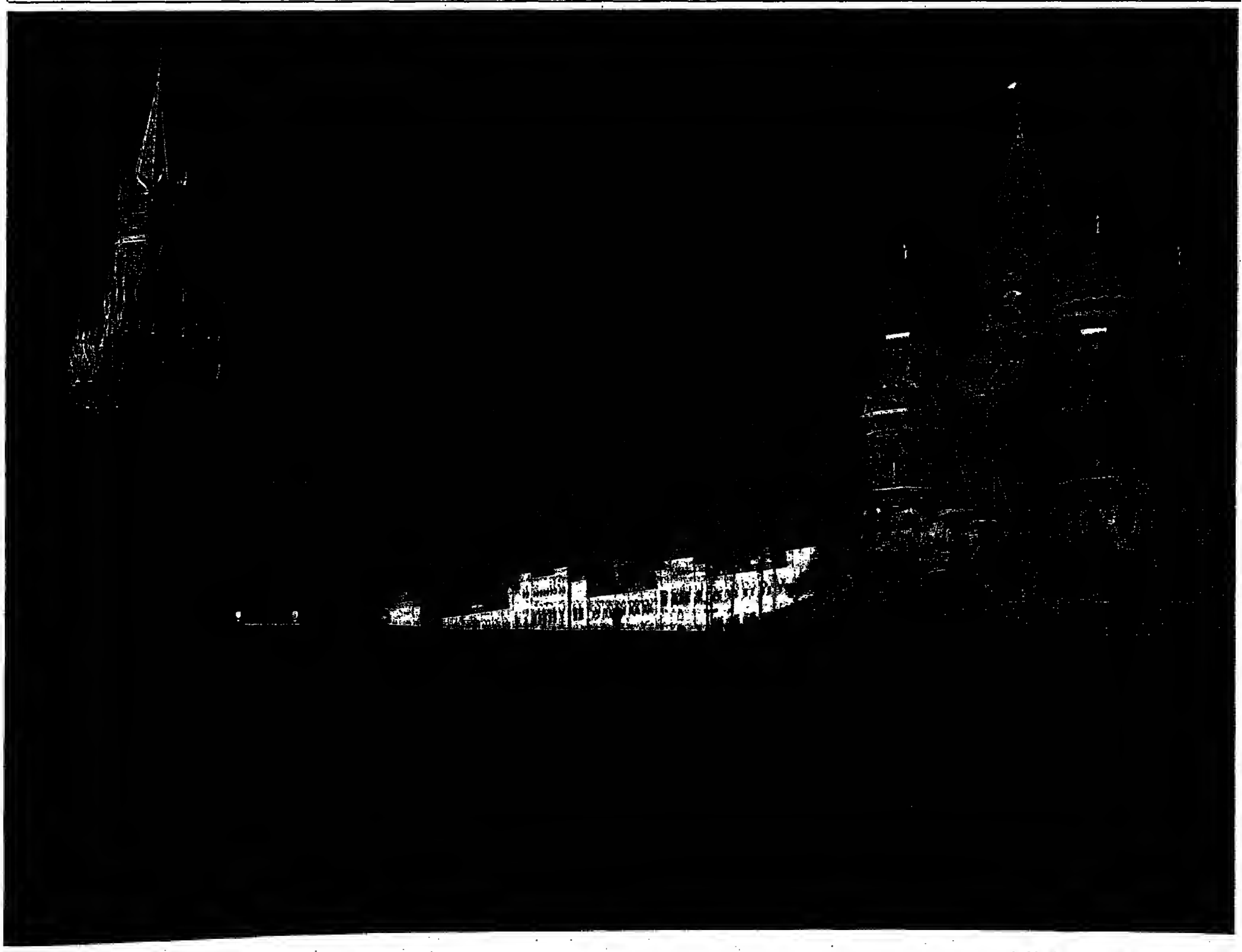
Skoda, the Czech vehicle maker, has announced plans to invest $100m in a new truck plant in the north-east of Brazil, making it the latest vehicle producer to take advantage of the fiscal incentives offered in the region. Mr Lubomir Soudek, Skoda president, said the factory, likely to he situated near the city of Salvador, would produce 2,500-3,000 units a year from September 1998. The Ministry of Industry and Commerce said 25 vehicle producers planned to invest $2.7bn in Brazil by the end of the century.

The government set up incentives last year for vehicle makers to invest in less industrialised areas, though the incentives have caused controversy among its Mercosur trade partners. Other manufacturers planning factories are Honda, with a $300m motorcycle plant in Goiás state, and Asia Motors, aiming to build a plant in Bahia. Skoda has already announced plans to build another truck plant in Santa Catarina state. *Geoff Dyer, São Paulo*

Cyprus 'should free up trade'

Cyprus should take further steps to liberalise its trade regime to comply with international trads rules, the World Trade Organisation says in a report on the island's trade policies and practices. The report criticises Cyprus' use of import tariffs unrelated to customs value, and export promotion measures involving reduced tax rates for export manufacturing or preferential treatment for domestic content.

The island's average tariff on industrial products from non-European Union countries was 16.4 per cent in 1996, more than halved to 7.2 per cent for members of tha European Union, Cyprus' most important trading partner. Tariffs on farm goods are more than twice as high. Cyprus, which hopes to begin EU membership talks soon, will adopt the EU's common external tariff by the end of this year. *Frances Williams, Geneva*



S Africa prepares to stand by rand

By Roger Matthews in Johannesburg

The South African government is preparing to mount a vigorous defence of the rand if it comes under pressure following the decision to relax foreign exchange controls for individuals.

The latest stage in the gradual removal of controls will allow wealthy individuals to invest up to R200,000 ($44,000) overseas or in a domestic foreign currency account.

Mr Chris Stals, governor of the Reserve Bank, said yesterday R38bn was available in reserves and unused credit lines. The most the bank expects to flow out of the country following the relaxation is R3bn-R5bn, and this should be offset by inflows. The rand eased slightly yesterday to close at R4.51 against the dollar.

"The total amount that flows out is what matters in a market which is relatively short of liquidity," said Mr Stals. "Something in the region of R3bn-R5bn is the maximum the market can absorb. There is no way R10bn could leave without the market suffering serious repercussions."

Freedom for South Africans to take money offshore takes effect from Tuesday, and will be a test of domestic confidence in the country's future economic and political stability. "Of those 100,000 or so people who might have access to such funds, I would guess most of them have already made their arrangements," said a banker. "Exchange controls are not that difficult to evade: I would guess the outflow will be less than the Reserve Bank has estimated."

However, Mr Stals remains wary and said he expected that some people without easily realisable assets would seek overdrafts of R200,000 which they would immediately exchange for foreign currency.

The government's timetable for this further relaxation had been announced in the March budget, but the amount was some 20 per cent higher than most economists had expected. Mr Trevor Manuel, finance minister, who is committed to the abolition of remaining controls, said further steps could be expected as conditions allowed. "The size of this one-off investment allowance echoes the mounting confidence in our economy," he said.

A much bigger challenge for the government will be the phasing out of controls on institutional investors.

Kazakhstan 'spy plane' raises Russian suspicions

By Charles Clover in Almaty

Russia has warned Kazakhstan not go ahead with a joint US-Kazakh scientific project which it labels as spying.

The object of the warning is a bright orange US Navy P-3 Orion aircraft which has just arrived in the capital, Almaty, full of high-tech scanners, with the stated objective of taking data from a former nuclear weapons test site in north Kazakhstan.

"This plane will fly in Kazakh airspace near Russia," said Russia's foreign ministry. "This creates a dangerous precedent" – the use of airspace in a country of the Commonwealth of Independent States (CIS) "to conduct reconnaissance against other CIS countries. We expect that the flight of the American Orion P-3 airplane close to Russian borders would be stopped immediately."

Ms Karin Williams, press attache of the US embassy in Almaty, said the P-3 was not a spy plane: "Would you paint a spy plane orange?" she said. One of the crew members was not so sure, though. "We have cunningly disguised it as a large piece of fruit," he said.

The project includes the Orion, along with two other US Navy C-130 cargo aircraft and roughly 50 scientists and support personnel, who are to collect data on the terrain they fly over using an array of airborne sensors, radar and cameras, known collectively as the Airborne Multi-Sensor Pod System, "Amps" for short.

The target of the project is the former Soviet nuclear weapons testing site in the Kazakh province of Semipalatinsk.

"This is the first time we've taken this equipment, with this aircraft, outside the US," said Mr Randy Bell, a Department of Energy official who is the project manager.

Stored under the wings of the Orion aircraft, Amps consists of three pieces of equipment owned by the US Department of Energy and used to analyse vast areas of terrain for such features as surface minerals, soil quality and topography.

This equipment includes synthetic aperture radar, which gathers a topographic image, along with multi-spectral scanners and hyper-spectral scanners which analyse sunlight reflected off the surface of the earth to determine the "spectral signature" of a unit of terrain. This terrain can then be classified.

"Everything has a spectral signature: granite, cement, soil, disturbed soil. We can discriminate very carefully," said Mr Bell.

The main contribution of Amps is that it makes the process of taking ground survey data much faster. "A team of graduate students on foot can do one square mile in a week," said Mr Bell, referring to his previous experience with forestry surveys. "We can do tens of square miles in a day."

Asked why the team chose Kazakhstan to inaugurate their equipment, a US official said the equipment had already been extensively used at nuclear weapons testing sites in the US, and so "we are interested in flying over the nuclear test sites of the former Soviet Union".

The official also hinted at other uses for the technology. Ground survey work combining topography with information on soil is essential in planning for infrastructure such as railroads and oil pipelines. Building transport routes from central Asia which avoid Russia has become a major strategic objective of the US.

Mir crew await repair kit and toothpaste

By Clive Cookson, Science Editor

The two Russians and one American on board the stricken Mir space station will have to wait almost two weeks for supplies and equipment to repair damage caused by Wednesday's collision with an unmanned cargo tug, space officials said yesterday.

The crew have realigned the 11-year-old Mir, so as to restore some of the electric power that was lost as a result of damage to solar panels.

But power supplies are still down by about a third, so the crew is working in semi-darkness with all non-essential equipment turned off. To add to their discomfort, the cooling system is not working properly.

Yuri Koptev, head of the Russian space agency, said the cosmonauts were in no danger. "They feel fine, although they went through a bit of stress yesterday".

If the crew does need to abandon Mir, a Soyuz capsule is attached to the station, ready to bring them back to earth at short notice.

The collision – during a practice docking attempt – left Spektr, Mir's laboratory module, dented and gashed with an inch-long hole. The crew has sealed it off.

The Russian Space Agency has not yet discovered the cause of the accident. But Professor Robert Stone, a UK specialist who has worked on the Mir programme, said: "My feeling is that human error will turn out to be responsible. The dynamics of moving a craft around in space by remote control are a nightmare, and the Russians do not have nearly such good training facilities for this as the Americans".

A joint committee of the Russian and US space agencies decided yesterday to send a new unmanned Progress vessel to Mir, but 11 days will probably be required to assemble all the necessary supplies before it can be launched.

In addition to repair equipment, the relief flight will carry personal supplies for the astronaut Michael Foale, whose belongings are sealed inside the Spektr module. He asked Nasa ground control in Houston to send an electric shaver and three tubes of toothpaste.

The crew, which also includes Mr Vasily Tsibliyev and Mr Alexander Lazutkin, will almost certainly have to undertake at least one space walk to repair the damage. The priority will be to seal cracks so that Spektr can be re-pressurised.

If the repairs are successful, the Russians will want to resume the original mission schedule, which would keep the crew on board Mir until the autumn. The 130-tonne space station is due to remain in use for two more years, until construction of the proposed International Space Station has begun.

But critics, particularly in the US, have become increasingly vociferous in their attacks on safety and engineering standards in the cash-starved Russian space programme.

The latest accident, coming on top of a catalogue of mishaps in Mir and other Russian spacecraft, may make Nasa reluctant to entrust any more astronauts to what many Americans regard as an ageing rust bucket. It throws further doubt on the planned Russian contribution to the International Space Station, which includes building the main service module.

High flier: A French astronaut who is to join Mir in August tries out his space suit yesterday Reuter

Saudis lean on Opec's quota cheats

By Robert Corzine in Vienna and Robin Allen in Dubai

Saudi Arabia, Opec's leading producer and the world's largest crude oil exporter, made its weight felt at Opec's Vienna meeting by reportedly hinting that it might increase oil output if its plan to curb Opec over-production was not respected.

Venezuela and other Opec members are producing well above their national quotas.

Analysts in Riyadh point out that Saudi Arabia's "threat", which it later withdrew, was made behind the scenes, a tactic consistent with the Kingdom's discreet management of foreign economic policy issues.

On Wednesday Saudi Arabia, Opec's biggest and most influential member, secured the agreement of the 10 other Opec states to a plan to reduce quota cheating, which has pushed overall output of the group to around 27m barrels a day, about 2m b/d above the official ceiling of 25.033m b/d.

Although some industry observers say the Kingdom has recently been producing above its 8m b/d quota, it has generally stuck to its allocation in recent years while other producers, most notably Venezuela and Nigeria, have flouted theirs. Venezuela, which has aggressively courted foreign oil company investment in its petroleum sector, is estimated to be producing at about 40 per cent above its quota.

Saudi Arabia's activist approach this week was in sharp contrast to earlier Opec meetings, at which it assumed a low-key role. Some analysts suggested that the $7 drop in oil prices this year to around $18 a barrel has prompted the royal family to take a more direct interest in oil policy.

Senior western diplomats emphasise that although "technocrats" and petroleum ministry officials led by oil minister Mr Ali Naimi represent Saudi Arabia at Opec meetings, policy remains firmly in the hands of King Fahd Ibn Abdel-Aziz Al-Saud in his capacity as prime minister and head of state. Any ministerial change of tactic, let alone strategy, at this or any other Opec meeting, would have been agreed in advance if not initiated by the King with key members of the ruling Al-Saud family.

A Gulf official confirmed that Riyadh believes Opec governments need to revitalise the organisation if it is to recover its credibility, which has been badly dented by persistent quota cheating.

Many analysts and oil traders remain deeply sceptical about Opec's latest initiative. Some said it was naive to think that heavily populated and indebted countries such as Venezuela and Nigeria, both of which also face myriad political problems, will make any serious effort to bring their output in line with the quotas. Others, however, saw a more sophisticated Saudi strategy at work. This was to secure a confession of guilt from Venezuela – and perhaps a token cutback – combined with the elimination of modest Saudi over-production. That, they say, could underpin prices.

But although Gulf officials shrugged off the impact of a failure to rein in output, some industry consultants predicted more serious consequences by the time Opec next meets in Jakarta in November. "If they continue to over-produce then they won't even be able to afford the plane tickets to Jakarta in November," said Mr Gary Ross of the New York-based Pira group.

Israeli bank governor warns on deficit

By Judy Dempsey in Jerusalem

Mr Jacob Frenkel, governor of the Bank of Israel, has warned that the next finance minister must keep the budget deficit under control.

In an interview days before Mr Benjamin Netanyahu, the prime minister, is expected to appoint Mr Ariel Sharon finance minister, Mr Frenkel said uncertainty over the budget was undermining economic policy.

"This is the biggest uncertainty but so is the pace of structural reforms," he said. As for the government's commitments to reform, "they are fine. The real issue is the implementation. And here one needs a strong political base."

The government has pledged to cut the budget deficit from 4 per cent of gross domestic product in 1996 to 2.8 per cent this year, eventually reducing it to 1.5 per cent by the year 2000. But concern is growing that fiscal policy could be loosened under Mr Sharon in a way which would overburden monetary policy.

The Bank of Israel, which has staunchly defended its independence, has been at the forefront in pushing for price stability and liberalising the economy. Last week, it widened the exchange rate band to allow the shekel to find an equilibrium. Mr Frenkel also unveiled measures to liberalise foreign exchange controls, with the aim of having full convertibility of the currency, possibly in a year's time.

"The whole idea behind these measures is to have an economy fully integrated with a capital and goods market. But the fight taking place now is about the direction of the economy," he argued, while other economists say Mr Netanyahu has not yet chosen an economic strategy.

The change in the exchange rate mechanism was one of the reasons Mr Dan Meridor resigned as finance minister last week, apart from his inability to continue working with a government beset by intrigue.

Mr Meridor had argued that widening the exchange rate bands would lead to an appreciation of the currency which would hit exports and lead to higher unemployment, already running at 7.2 per cent. As it turned out, the shekel, which had been overvalued, in fact fell against the dollar in recent days.

Despite higher unemployment and lower economic growth, expected to slow to 2.8 per cent this year from 4.4 per cent last year, Mr Frenkel insists he will continue his tight monetary policy aimed at cutting inflation. Prime rates were cut from 15.4 per cent to 14.2 per cent last month while the inflation target is 9.2 per cent. Despite calls by Mr Meridor and industrialists to cut interest rates and even ease monetary policy, Mr Frenkel said he would stand his ground.

"The best contribution monetary policy can make for investment, growth and unemployment is to create conditions of price stability. Printing money does not create jobs, he said."

هكذا من الأصل

MOST BANKS SPEND A GREAT DEAL OF TIME WORRYING ABOUT MANAGING RISK.

WE'LL TRY NOT TO TAKE IT PERSONALLY.

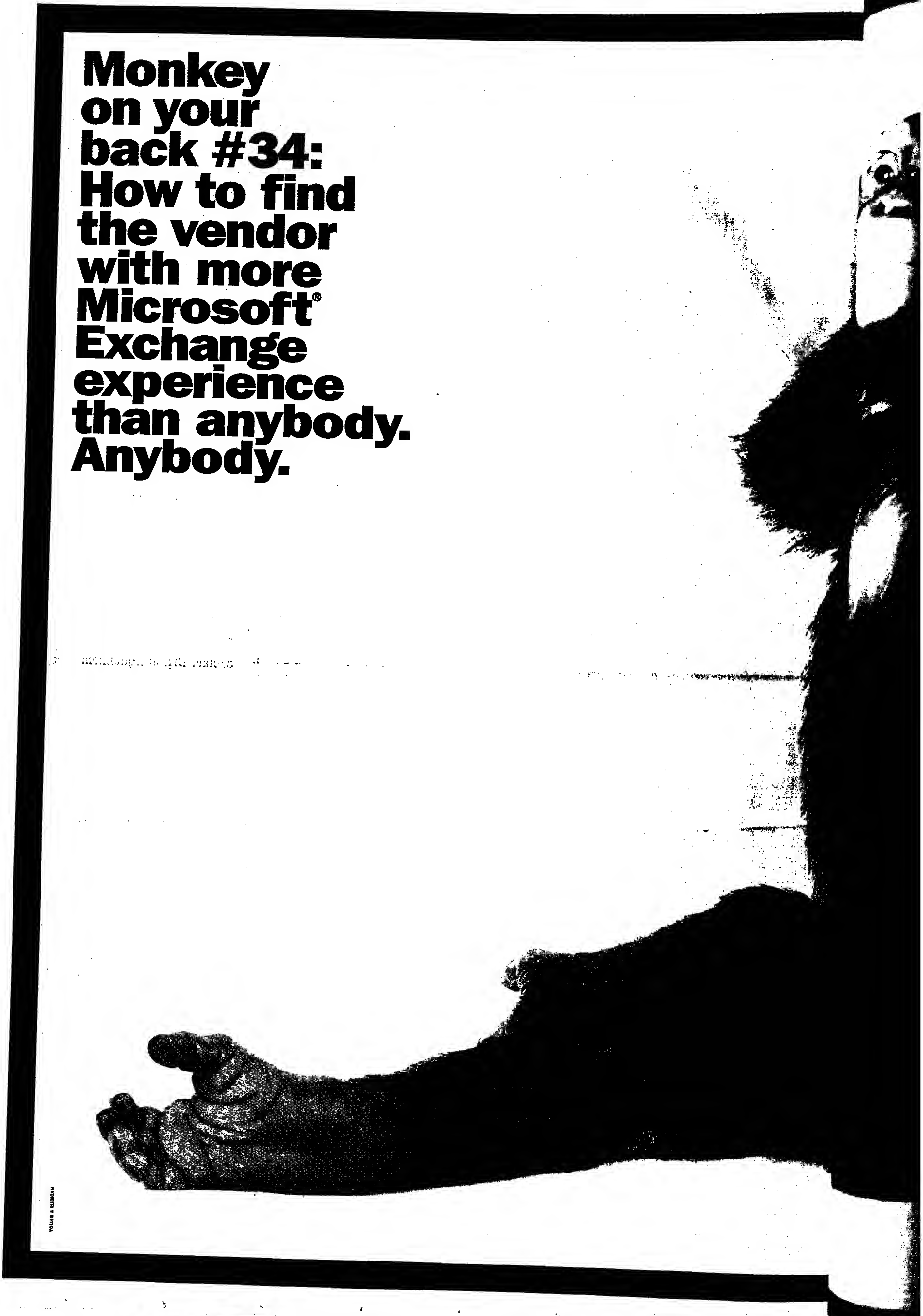
It goes without saying that the systems banks use to process payments must be connected seamlessly to share data. Duplicate data and inconsistent processing make managing risk impossible. That's why banks worldwide are selecting the Tandem Payments Factory, which integrates banks' applications and their data. The Tandem Payments Factory is a Windows NT Server-based solution from Tandem and Microsoft that combines the flexibility and cost-effectiveness of Windows NT Server with the business-critical reliability and security of Tandem hardware and software. In short, banks get the best of both worlds. Windows NT Server provides the power and scalability to handle 1 billion transactions a day and access to terabytes of data quickly. Tandem systems are trusted to handle 90% of the world's stock transactions, 80% of all cash dispenser transactions, and 66% of all credit card validations. To learn more, visit our alliance Web site at www.bizcritical.com. Or call Rachel Corcoran at 0 800 826336 for our latest information pack which includes white papers on "Making Enterprise-Class Clusters Come Alive" and "The Tandem Payments Factory."

Every second, every transaction, every customer counts.

Microsoft

TANDEM.
reliability, no limits.

©1997 Tandem Computers Incorporated. All rights reserved. Tandem, NonStop, "reliability, no limits," and the Tandem logo are trademarks or registered trademarks of Tandem Computers Incorporated in the U.S. and/or other countries. Microsoft and Windows NT are either registered trademarks or trademarks of Microsoft Corporation in the U.S. and/or other countries.



هكذا من الأصل

هكذا من الأصل

DIGITAL now has over 1,000,000 seats for Microsoft Exchange under contract.

An impressive number, for sure, but more important, made possible by DIGITAL's real-world Windows NT® solutions implementation experience. Plus a broad alliance with Microsoft that's built on a relationship that's over a decade long. DIGITAL has been close to Windows NT since its very inception, and is leading the way in 64-bit computing for the next generation of Windows NT. We currently offer the industry's most extensive line of Windows NT hardware, software and solutions, across the Intel® and Alpha™ platforms. But what matters most in a large Exchange rollout is making it all work. DIGITAL has more trained and certified Windows NT experts than any other Microsoft partner. All of which goes to show, when it comes to Microsoft Exchange and Windows NT, nobody has more experience than DIGITAL. Nobody.

Microsoft® digital
A L L I A N C E
FOR ENTERPRISE COMPUTING

For more information, please contact Digital Equipment Corporation (Europe), Personal Computer Business Unit Europe, 12, Avenue des Morgines, C.P. 176, CH-1213 Petit-Lancy 1, Geneva, Switzerland, or visit our Web site at **http://www.alliance.digital.com**

© Digital Equipment Corporation, 1997. DIGITAL, the DIGITAL logo, and Alpha are trademarks of Digital Equipment Corporation. Intel is a trademark of the Intel Corporation. Microsoft and Windows NT are registered trademarks of Microsoft in the U.S. and other countries.

New Zealand budgets for extra spending

By Terry Hall in Wellington

Mr Winston Peters, New Zealand's treasurer, yesterday ignored a sharply deteriorating fiscal position to unveil the first atage of a three-year NZ$5bn (US$3.5bn) programme of extra spending on health, education and other eocial spending initiatives. The measures were promised in the coalition agreement that led to the formation of the NZ First/National government in December.

Budget papers revealed the forecast surplus for the 1997-98 year would be NZ$1.5bn, half the level forecast by the treasury just three months ago.

The treasury was also compelled to lower sharply its forecasts for economic growth from 3.6 per cent for 1997-98 to 2.4 per cent. The lower forecasts are in line with indications of a big drop in business confidence, capital spending, tax income and employment this year, following uncertainty over government epending plans and the decision to postpone a round of promised tax cuts until next year.

Mr Peters and the coalition government are counting on the budget to help rebuild business confidence. However, financial markets showed little response to the budget. They are expected in deliver a more cautious assessment over the coming days after studying the Reserve Bank's monetary statement issued today after assessing the likely inflationary consequences of the budget.

While the budget proceeded with many of the social spending initiatives promised in the December coalition agreement, the document, largely framed by Mr Bill Birch, minister of finance, continued to concentrate on the economic reform approacb followed by successive governments since 1985.

This included promised further asset sales, energy reforms, accelerated tariff reductions on vehicles and a much tighter than expected approach to state spending, as well as promising to taks a tougher line on beneficiaries.

Much of the promised extra NZ$900m in extra spending this year will be targeted at bealth, such as free doctor's visits for children and cutting waiting lists at public hospitals. Some tax related benefits promised to pensioners will be delayed until next year.

In its economic forecasts, the treasury said the economic and fiscal outlook for the next three years remained positive, with a aharp resumption in economic growth (to 4.2 per cent) in 1998-99.

It said the growth would be the result of higher government spending, lower interest rates, next year's tax cuts and stronger world economic improvement. Budget aurpluses would increase – to NZ$1.8bn in 1998-99 and NZ$2.3bn in the year 2000.

Winston Peters delivering his budget speech yesterday Reuter

Currency defence cuts into Thai reserves

By Ted Bardacke in Bangkok

Thailand's foreign reserves plunged by $4bn in May to $33.3bn, the lowest level in two years, as the effects of last montb's cnrrency defence ehowed up for the first time in the country's economic data.

In spite of the drop, which had largely been expected, investors were heartened by indications that the central bank was getting tnugher with ailing companies and was likely to force tbem either in merge with healthy competitors or sbut their operations.

The stock market closed up 4.8 per cent yesterday at 520.02. Although the market is still down 37 per cent on the year, it is np 8¼ per cent this week. Investors bought banking sbares beavily, believing that if the central hank was tongh with finance companies the possible effects on commercial banks would be limited.

The fall in reserves was accompanied by Thailand'a fourth straight month of a balance of payments deficit. A Bt112.3bn ($4.3bn) deficit was recorded in May, np from Bt15.5bn in April. The current account deficit also increased dramatically to Bt38bn in April, compared with Bt15.9bn in March, on the back of a soaring trade deficit of Bt41bn, the highest in a year.

The fall to reserves is worrying for two reasons, analysts said. First is that the number does not reflect the amount of forward contracts the central bank took out last month defending the currency. Most of those contracts are expected to come due in mid-August, wben many analysts believe Thailand will experience another bout of currency instability.

Second is that the country has as much as $66bn in private sector debt coming due in the next year. If that credit is not rolled over and Thailand keeps facing a balance of payments deficit, the country may not have enough dollars to pay those loans back.

Nevertbelesa, analyats said that foreign capital may start in flow back into Thailand if the country's new measures to deal with cash-strapped finance companies are implemented successfully and quickly.

The central bank said yesterday that it would soon announce an action plan that specifically identifies which finance companies are in trouble and what the central bank has in store for them. This indication comes after Wednesday's announcement that the central bank would not subscribe to a rights issue by Finance One, once Thailand's largest finance company, in effect ending the policy of endlessly propping up ailing institutions.

World Stocks, Page 36

Dai-Ichi Kangyo Bank executives indicted

By Gillian Tett and Gwen Robinson in Tokyo

Tokyo prosecutors yesterday indicted four senior former executives of Dai-Ichi Kangyo Bank (DKB), one of Japan's largest banks, for their role in a recent financial scandal.

The move follows the high-profile arrest earlier this week of Mr Kitaro Watanabe, one of Jepan's most flamboyant and influential property speculators, over a separate housing loan scandal.

The two moves highlight tbe Japanese government's increasing determination to make a public show of punishing corporate corruption. And with some 2,355 companies due to hold their annual sharebolder meetings today, the latest crackdown comes amid a growing debate in the country about its system of corporate governance.

Mr Watanabe, wbo was arrested on Wednesday, is president of Azabu Building corporation, one of tbe heaviest borrowers from the *jusen* housing loan companies which stirred up huge controversy when they failed over the past three years.

Two other executives were arrested with Mr Watanabe, on charges of hiding about Y1.3bn ($11.4m) in deposits to evade court seizure of the group's assets.

Mr Watanabe rose to prominence in the speculative "bubble economy" era of the late 1980s, following a string of highly publicised speculative stock and property investments. In 1991, Fortune magazine ranked Mr Watanabe the sixth wealthiest person in the world. At one point, the assets owned by his Azabn group of companies were valued at Y1,000bn or more.

The four former DKB executives indicted yesterday by Tokyo prosecutors face charges of having illegally extended Y11.7bn of loans to *sokaiya*, corporate extortionists who traditionally demand money from companies in exchange for not revealing sensitive information about them at shareholders meetings.

The move follows earlier indictments of senior executives at Nomura, Japan's largest securities company, for their own contacts with *sokaiya*. Since indictments normally lead to convictions in Japan, they have come as a deep embarrassment to the companies. They have focused attention on the round of shareholders' meetings to he held in Japan today.

Many Japanese companies have traditionally held their meeting on the same day, to prevent *sokaiya* from attending. However, the number of companiee listed on the Tokyo Stock exchange which have cbosen to take this move this year has reached record levels.

Some 2,355 meetings will be held, with some 10,000 police drafted in to monitor them. Among the listed companies, 1,427 meetings will take place, or 95 per cent of the total.

ASIA-PACIFIC NEWS DIGEST

Russians fire on Japanese boats

Russian security forces have opened fire on Japanese fishing boats accused of illegally entering Russian waters, it emerged yesterday. The attack happened late on Wednesday near four disputed islands off the north of Japan, injuring some fishermen.

The incident will embarrass the two countries, which are trying to repair their relations. A Russian vessel is due to dock in a Japanese port in the coming days in the first naval visit for more than 50 years. Mr Boris Nemtsov, Russian first deputy prime minister, visited Tokyo earlier this month to discuss ways of expanding economic ties, particularly in the Russian far east.

Relations have been strained in recent years because of a long-running dispute over ownership of the four islands, known as the Southern Kuriles by the Russians, and Northern territories by the Japanese. They were seized from Japan by Russia in the closing days of the second world war.

There has repeatedly been friction between Japanese fishing vessels and Russian troops, and last August Russian patrol boats opened fire, seriously injuring two fishermen.

While there is still no sign of any resolution in the conflict, Russia and Japan have recently tried to sidestep the issue in order to develop better political and economic ties. *Gillian Tett, Tokyo*

■ Japan has invited 14 Pacific island leaders to Tokyo in October for the first high-level meeting between Japan and the South Pacific Forum nations. *AP, Suva, Fiji*

Elderly outnumber children

Elderly citizens now outnumber children in Japan for the first time, the government said yesterday. A low birthrate and increased longevity were reflected in the number of Japan'a elderly people exceeding the population of children under 15 by 50,000 from June 1, when there were 19.54m Japanese aged over 65, and 19.49m aged under 15.

The trend is expected to continue and the number of elderly is likely in be double that of children by the year 2025, the official added. *Reuter, Tokyo*

EU and Australia in accord

Australia and the EU yesterday put aside a long-running dispute over human rights, and signed an agreement pledging closer political, cultural and economic co-operation. Both sides welcomed the deal signed in Luxembourg which reflects Europe's strategy of expanding ties with the fast-growing Asia-Pacific region, where Australia is often seen as a bridgehead for European companies.

But the joint declaration – rather than a fully fledged partnership and co-operation agreement – falls short of original hopes of concluding a legally binding treaty. During two years of sometimes acrimonious negotiations, Australia resisted European efforts in insert a general clause calling for the respect of human rights. Australia considered the move provocative, especially in the view of the recent controversy over the past treatment of Aborigines.

Mr Hans van Mierlo, Dutch foreign minister representing the EU presidency, said the decision to drop the idea of a legally binding human rights clause did not set a precedent for future agreements with other Asian countries. "We had a creative moment," he said, referring to the joint declaration format, "but we prefer to have treaties and binding articles." *Lionel Barber, Luxembourg*

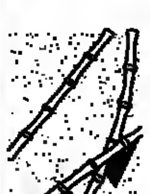
US in Ho Chi Minh City

Mrs Madeleine Albright, US secretary of state, will announce plans to open a consulate in the economic hub of Ho Chi Minh City on her visit to Vietnam which started yesterday, the foreign ministry in Hanoi said yesterday. Mrs Alhright is also expected to sign a copyright pact. The visit – only the second by a US secretary of state since the Vietnam war ended in 1975 – was extended to two days after a visit to Cambodia was cancelled dne to security concerns. *Reuter and AP, Hanoi*

60 seized in Philippines

Fierce fighting between Philippine armed forces and Moslem separatists erupted yesterday after the seizure of at least 60 hostages in the south of the country. The fighting was the latest escalation in confrontations between the government and militant Moslem groups in more than a week's fighting which has seen about 20,000 villagers flee their homes and left at least 45 people dead. The hostages were reported to have been taken by 200 armed men while travelling on an early morning bus. *Justin Marozzi, Manila*

US sends inscrutable signals on HK



HONG KONG
July 1 1997

People in Hong Kong are faced with a raft of contradictory signals as they struggle to interpret the inscrutable folk in Washington who are rapidly taking over as the territory's principal advocates in the western world.

In recent days, the US has joined other leading democracies at the Denver summit in calling for free elections in Hong Kong next year; and the US Congress has relieved the territory's business community hy voting to eschew tbe blunt instrument of trade sanctions against Beijing.

But these moves, however welcome, bave been overshadowed hy dismay among pro-democracy activists over the news that the US and Britain will, after all, be represented at the swearing-in of the Beijing-backed provisional legislature.

US officials have sought to soften the impact hy stressing that Mrs Madeleine Albright, secretary of state, will still be staying away from the ceremony. The presence of Mr Richard Boucher, US consul-general, amounts to a more discreet form of representation, the officials say.

Yet as Cbina steadily establisbes its authority, tbere is little reason to believe the messages from Wasbington will ever he entirely clear.

Politicians across tbe Washington spectrum agree Hong Kong is of vital importance to US interests: as the bome base for 36,000 US citizens and 1,100 US companies, wbose investments of $14bn make up a quarter of the territory's manufacturing.

On bow to defend those interests, there is a cacophony of conflicting views. Hong Kong is joining Tibet, Taiwan, prison labour, abortion and religious freedom on the long liat of areas wbere China's behaviour prompts furious debates between President Bill Clinton and bis Congressional critics.

"The US must condnct its policy towards China on the basis of morality as well as pragmatism," said Senator Jesse Helms, cbairman of the Senate Foreign Relations Committee, in a recent attack on administration policy.

With the treatment of China policy emerging fast as the most emotive single issue in US foreign affairs, attitudes in Washington could increasingly be confused hy the expediencies of domestic US debates.

Mr Clinton has defended his policy of engagement with China on grounds that Washington needs to work constructively with Beijing'a masters on areas ranging from trade to the future of the Korean peninsula.

In Denver, he made a final, and ultimately successful, plea to Congress for maintenance of Beijing's Most Favoured Nation trading status, by arguing: "We do not want to assume the bad faith of tbe Chinese" in Hong Kong.

Elaborating on what "good faith" would mean, Mr Clinton urged China to remember that "what makes Hong Kong work is not just industrious markets and industrious people... but a lively and open society".

Mr Sandy Berger, national security adviser, has set out a list of US expectations in Hong Kong, including early and free legisistive elections, a professional civil service and courts that operate without interference.

But as the US administration is painfully aware, any sign of failure in China to meet these demands will be seized on by a broad coalition of Congressional sceptics to support their argument that Washington is being duped.

Already, the administration is showing signs of discomfort as evidence mounts that its effort in co-operate with Beijing over arms proliferation has failed to bring the expected benefits.

Mr Clinton promised thet his administration would "take appropriate action" and put US security interests first when challenged in Denver over media reports that China was belping Pakistan to build an advanced missile plant.

The White House has also been embarrassed by the disclosure that arms control experts in the administration are seriously concerned about Chinese deliveries in Iran of anti-ship missiles and poison gas-making components.

The precise details of China'a behaviour in the murky world of arms exports will alwaya be somewhat obscure, and the administration has often fended off inquiries by a blanket refusal to comment on intelligence matters.

But if China cracks down heavily on civil liberties in Hong Kong, that will be impossible to hide – and the US administration will have a much harder time making the case for engagement with China on Capitol Hill.

Bruce Clark

Protestants and Roman Catholics to attend Bosnia-style 'proximity talks' today

Minister seeks to avert N Ireland clash

By Jimmy Burns in London and John Murray-Brown in Dublin

Ms Mo Mowlam, chief Northern Ireland minister in the British government, will today try to reach a deal over next month's controversial parade in the town of Drumcree by using Bosnia-style "proximity" talks. They will involve Roman Catholic residents and members of the Protestant and anti-nationalist Orange Order.

Today's talks will involve government officials speaking to Catholics and Protestants in separate rooms and trying to mediate. Members of the Orange Order have refused to meet Catholic residents of the Garvaghy Road – through which loyalists intend to march - because of the terrorist conviction of the residents' spokesman, Mr Brendan McKenna.

Last year's parade at Drumcree degenerated into violence and led to rioting in towns throughout Northern Ireland.

There were signs yesterday that the Irish Republican Army is holding out against declaring a new ceasefire in anticipation that Drumcree and other planned marches could spark off sectarian violence in the next two weeks.

Speaking before taking his seat as a Sinn Féin member of the Dail, the parliament of the Republic of Ireland, Mr Caoimhghin O Caolain, flanked by Mr Gerry Adams, the party president, said the party was seeking clarification. He said the UK government still "needed to explain how the obstacle of decommissioning may not arise during the course of negotiations".

Republican sources said yesterday that the IRA saw the parades as a test case of whether the British government and the local Royal Ulster Constabulary (police) could remain politically neutral when faced with loyalist pressure. The high point of the marching season is expected between the parade at Drumcree on July 6 and the anniversary on July 12 of the Battle of the Boyne, at which the Protestant Prince William of Orange defeated tha Roman Catholic King James II of England and became King William III.

Officials of the British and Irish governments insisted yesterday that both governments remained committed to having new arrangements for the governing of Northern Ireland in place by the middle of next year with substantive negotiations scheduled to begin in September – with or without Sinn Féin, the political wing of the IRA.

The discovery by police of loaded AK-47 rifles in Belfast on Wednesday is seen as evidence that a ceasefire is far from imminent.

● Northern Ireland fair employment laws should be amended to encourage businesses to recruit the long-term employed, according to a report published yesterday.

Mr Michael Lavery, chairman of the Standing Advisory Committee on Human Rights, said: "The fact that Catholics are twice as likely to be affected by this scourge as Protestants makes it also an issue of employment equality." Northern Ireland laws bar employers from targeting recruits in ways which might favour one religious community.

McDonald's to end its boycott of British beef

By George Parker, Political Correspondent

McDonald's said yesterday that its UK branches would start using British beef again over the next few weeks. The decision by McDonald's reopens an annual market for British beef worth around £30m, ($49.5m) and leaves Burger King as the only major outlet continuing to boycott the product.

Mr Jack Cunningham, the agriculture minister, said yesterday that he would press Burger King to follow the example of its rival when he met company executives next Tuesday.

Burger King, a subsidiary of GrandMet, yesterday hinted it might be prepared to follow suit. It said it would examine the results of a survey of 1,000 fast-food customers at the weekend before taking a decision.

Burger chains bought about 30 per cent of total British beef production before March 1996, when the government first announced a possible link between BSE, or "mad cow disease", and Creutzfeldt- Jakob disease, its human equivalent.

As public confidence in beef collapsed in the aftermath of the announcement, McDonald's announced that it would stop using British beef – a move followed shortly afterwards by Burger King.

Yesterday, Mr Andrew Taylor, managing director of McDonald's Restaurants, said public confidence had gradually returned over the last 15 months, and that latest research showed 74 per cent of customers wanted to eat British beef.

"We will begin buying British beef immediately and the new supplies will start to be served in restaurants over the next few weeks," he said.

McDonald's estimates the BSE crisis cost the company £5.5m in beef stocks written off last March and between £5m and £7m from the additional costs of importing supplies.

The decision to resume the use of British beef will generate some much-needed positive publicity for the company, aftar its pyrrhic victory in the "McLibel" court action against two environmental campaigners.

The announcement was welcomed by Mr Cunningham, who said he hoped the vote of confidence from McDonald's would help to persuade other EU countries to lift their ban on UK beef exports.

"Corporate and consumer confidence is returning," he said. "British beef goes through the strictest controls in the world and it most certainly can be eaten with confidence."

But Mr Paul Tyler, Liberal Democrat party food spokesman, blamed the American-owned company for fuelling the BSE food scare last March. "The ban should not have been imposed in the first place," he said. "McDonald's must now apologise to British farmers."

North News and Pictures Newcastle.

Plans to convert a disused grain warehouse (above) overlooking the river Tyne in Gateshead, north-east England, into Britain's biggest contemporary visual arts centre outside London will today receive a £38.4m ($55m) National Lottery grant from the Arts Council. Clara Clay, pictured, will be one of the region's musicians to benefit from a further plan for an adjacent £45m concert hall, which has won a £1.3m design grant from lottery funds

Lottery watchdog wants more powers

Mr Peter Davis, regulator of the National Lottery, called yesterday for the power to impose heavy fines on Camelot, the consortium which runs the lottery, for breaches of its licence, Raymond Snoddy writes.

Early last year, Camelot was 750 retail outlets short of the total of 30,000 it was required to reach by then as a condition of its licence.

Fewer retail outlets selling tickets meant that for that period good causes, including the arts and sport, received less money than they should have done, Mr Davis said after publishing his annual report: "It was certainly a prime example of a case where a financial penalty would have been appropriate."

The members of Camelot are Cadbury Schweppes; De La Rue; Racal Electronics; ICL, a UK offshoot of Fujitsu; and GTech, a US lottery equipment supplier.

UK NEWS DIGEST

Warning against tobacco suit

Health authorities were yesterday warned against mounting legal actions against the tobacco industry in the wake of the multi-billion dollar settlement in the US. Ms Tessa Jowell, the health minister, said the government "will be keeping a tight rein on health authorities inclined to take precipitate action" as the NHS Confederation which represents health authorities and trusts in the state health service voted to establish a working group "to consider the potential contribution of the tobacco companies to the costs to the NHS of smoking related diseases".

The resolution was passed unanimously at the confederation's annual conference in spite of Ms Jowell making it clear that "we do not want health authorities getting themselves tied up in costly legal actions". Any action that was taken would be "part of a national strategy", Ms Jowell said.

The Department of Health said this did not mean that the government was actively considering legal action in the wake of the $369bn settlement between the US tobacco industry and state attorneys – a deal which has still to be ratified by Congress.

The US settlement and its potential implications for the UK will be considered at an international seminar on tobacco control that the British government is holding next month in preparation for a ban on tobacco advertising and sponsorship.

The Department of Health pointed out that tobacco taxation in the UK is much higher than in the US and that smokers' tax contributions already outweigh the estimated cost of smoking-related diseases to the UK state health service. *Nicholas Timmins, London*

■ PENSIONS INDUSTRY

JP Morgan to enter market

JP Morgan, the US investment bank, has announced that it will enter the increasingly competitive market to manage assets for UK money-purchase pension schemes. A growing number of employers are these up as substitutes for traditional final salary schemes, which carry higher potential liabilities.

JP Morgan has applied to tha Department of Trade and Industry for authorisation to establish a life insurance company called JP Morgan Life and Pensions to deal with tax reclaims on dividend income. The London branch of affiliate JP Morgan Investment Management plans to offer two sets of unit-linked funds to money purchase pension schemes. *Jonathan Guthrie, London*

■ LANGUAGE SKILLS

Minister deplores decline

Mr Brian Wilson, the Scottish education minister, yesterday deplored the dearth of pupils in Scotland studying a foreign language after the age of 16. Government figures show that the proportion of pupils taking Higher Grade examinations in a foreign language has dropped from 36 per cent in 1975 to 12 per cent in 1996. "Highers" are taken at the age of 17. "This has happened at exactly the time when we should have been expanding the linguistic skills of pupils," Mr Wilson said. *James Buxton, Edinburgh*

■ THE BARINGS COLLAPSE

Leeson book to be $10.5m film

The exploits of Mr Nick Leeson, the derivatives trader whose £830m losses on the Singapore futures market bankrupted Barings merchant bank two years ago, are to be the subject of a $10.5m film to be be produced by Sir David Frost, the wellknown broadcaster. The London arm of William Morris, the US talent agency, has put together the deal to make the film of Mr Leeson's book, "Rogue Trader". The former trader, who is serving a six-and-a-half year sentence in a Singapore prison, has been paid a "six-figure sum" for the rights to his book. Financed by a US company called Foundry Films, the picture will be written and directed by Mr James Deardon, the British director whose previous credits include "A Kiss Before Dying" and the screenplay of "Fatal Attraction". Yesterday, Mr Charles Finch, head of European motion pictures at William Morris, said shooting would start later this year and the film would be ready for release in 1998. The film will be shot in London and Singapore. *Patrick Harverson, London*

■ ART AUCTION

Freud portrait sells for $1.4m

A portrait of the photographer John Deakin, painted by his friand Lucien Freud in 1963, sold for £892,500, ($1,472,625) a record for the artist, at Christie's in London on Wednesday night. The anonymous buyer paid three times the pre-sale estimate to secure it.

In contrast "Reclining Figure" by Francis Bacon, a friend of both Freud and Deakin, failed to sell. It had been estimated at up to £700,000. This was the major disappointment in a generally successful auction of contemporary art which totalled £8.2m, the highest total achieved at Christie's in this sector in London since 1990.

Bidding was selective and 23 of the 72 lots on offer failed to sell. The top price was the £1.83m. paid for "Paris-Montparnasse", a chaotic vision of street life by Jean Dubuffet. *Antony Thorncroft, London*

Windfall tax to yield $3bn more than expected

By Robert Peston, Political Editor

Proceeds from the windfall tax on the privatised utilities to be announced in next week's Budget will be at least £5bn ($8.25bn), yielding the government at least £2bn ($3.3bn) more than it has earmarked for its so-called welfare-to-work programme.

The disclosure of the scale of the levy is the clearest indication to date that Mr Gordon Brown, tha chancellor of the exchequer, plans an ambitious first Budget on July 2.

Senior members of the government also confirmed that Mr Brown is resisting increasingly frantic lobbying from the pension fund industry not to abolish the tax credit on dividends.

Since the Financial Times disclosed last week that Mr Brown plans the move as part of a package aimed at boosting corporate investment, tax exempt institutions – such as pension funds and charities – have been fighting a rearguard action against it.

Total abolition would ultimately raise about £5bn a year, with about £3.5bn coming from pension funds. First-year proceeds would depend on whether it is phased in, and on transitional arrangements to help individuals and charities.

All the government has officially said about the magnitude of the windfall tax is that it will be sufficient to finance tha £3bn plans to reduce unamploymant among young people and the long-term unemployed.

However, in his announcement of the total windfall yield, Mr Brown will not disclose the individual liabilities of each company. This follows the convention that any company's tax bill is a matter between it and the Inland Revenue.

However, Mr Brown will avoid creating significant uncertainty in tha stock market by announcing a much simpler formula for calculating each company's liability than had been expected.

Lex, Page 14

More talking, fewer dinners

Chartered accountants' new president signals a change of style

Mr Chris Lainé, the new president of the 117-year-old Institute of Chartered Accountants in England & Wales, must be aware that the organisation he leads has less influence than its historical trappings would lead many to expect.

Institutions which lose influence tend to respond by falling back on ceremony. Mr Lainé's year in office, if it is anything like his predecessors', threatens to be studded with big dinners in the City of London and so-called state visits to provincial district societies.

Mr Lainé has signalled a new beginning at Chartered Accountants' Hall. There is a good chance he has started something which can gain enough momentum to really change an institution with a penchant for bureaucracy which can exasperata its members.

There is no doubt the institute could have real power. Its 110,000 members crowd the boards of the UK's leading businasses and advise and audit most big companies. Its members in universities and alsewhere contribute widaly in the financial field.

Tha institute needs to start wielding this power to the full because the profession faces rapid change. The government is about to publish plans to allow limited liability partnerships (LLPs) in the UK. The plans contain safeguards for clients which accountants believe are excessive.

While meeting these external challenges the institute is experiencing the internal strains of being both regulator and professional association. Membership revolts over education policy and a lack of democracy have emerged.

The institute appears at last to be responding. "There are some things we need to spend more time on and some ceremonial things less on," says Mr Lainé. "We tend to be content with the ceremonial exchange of views. I think we have to do better than that."

Combined with this, Lainé promises visible leadership from the centre and less of the "mandarin" approach which has cloaked the institute's influence in discreet anonymity for so many years. More effective leadership may help stem calls for the position of a full-time director-general to be created.

Traditionally, there are three office-holders at any one time – president, deputy president, and vice-president. "We need to make the triumvirate a more visible leadership team," says Mr Lainé.

The election of Dame Sheila Masters for the presidency in 1999 has shaken a traditionally male-dominated institution. She has cultivated the image of an abrasive reformer.

Mr Lainé clearly wishes to harness the trepidation this has generated at the institute's headquarters to achieve real cultural change. The triumvirate will try to talk to more members rather than eat with them.

"The formal dinner has – if not fallen into disrepute – become no longer a useful means of communication in some places," says Mr Lainé.

He hopes to diffuse some of the resentment the institute provokes from members through its role as a professional regulator. He wants members to acknowledge the range of back-up services provided by the institute and the skills and knowledge it can offer.

But most of all he wants to make sure the membership do not expect too much of the institute as some kind of shield against the market economy. "It isn't within the capacity of a professional body to dictate the thrust of economic trends," he says.

Jim Kelly

ARTS

A conductor in his prime

As he returns to Covent Garden for 'Boccanegra', Mark Elder talks to Andrew Clark

Mark Elder: reaping the rewards of maturity

A quarter of a century ago, a talented young repetiteur at Covent Garden was asked by Edward Downes if he would like to join the staff of the Australian Opera, where Downes had been appointed music director. The offer was accepted, and soon after arriving in Sydney the young Englishman made his conducting debut in *Rigoletto*. When Downes opened the Sydney Opera House 18 months later with *War and Peace*, his protégé conducted the second-night performance of *Nabucco*.

The story comes full circle tonight and tomorrow at Covent Garden, when the same two conductors preside over *Macbeth* and *Simon Boccanegra*, the final instalments of the Royal Opera's 1997 Verdi festival. Downes now ranks as an elder statesman among British conductors, while Mark Elder, his former assistant, has reached the prime of his career.

Elder made his name during 14 years as English National Opera's music director – a period when, thanks to his unflinching commitment and hard work, its musical standards reached an all-time high. It is only since leaving ENO in 1993 that he has had the freedom to branch out and establish himself internationally. That freedom has made its mark: his beat has become larger and more natural; he seems more relaxed and good-humoured. At 50, Elder is reaping the rewards of maturity.

Elder himself notices the difference. "Things that would have caused problems 10 years ago now just fall into place," he says. "That's why it was important for me to leave ENO: there were other parts of my work that had not had the opportunity to develop. I needed to spread my wings, to come into contact with different traditions and performing styles."

This summer he makes his Italian debut in Parma, followed in the autumn by *Peter Grimes* in Chicago. The Royal Concertgebouw and Los Angeles Philharmonic orchestras feature prominently in his diary – as do Paris, Munich and New York, where he conducts the Met's new production of *Mefistofele* in 1999. His UK work continues at the Proms, in Birmingham and with the Orchestra of the Age of Enlightenment; and his Wagner repertory moves forward in the 1998-9 season with *Parsifal* at ENO.

Verdi, however, remains a constant. *Boccanegra* was one of Elder's many triumphs at the Coliseum, and his knowledge of it deepened two years ago when he conducted the Royal Opera's concerts of the little-known original version of 1857. Those performances were the springboard for tomorrow's UK stage premiere. Next summer Elder will return to the standard 1881 version at Glyndebourne.

So is there *that* much difference between the two versions? Well, yes, explains Elder. "In the original version, a lot of the music looks dull and severe on paper, but it has the effect of making the lyrical moments more powerful. There are many more self-contained numbers – recognisable arias that come to a halt so that the audience can show their appreciation. In the original version, the effects are less sophisticated, but they have their own integrity."

The most obvious change between 1857 and 1881 comes at the end of Act 1. Verdi's original is a conventional four-movement concertato finale – far less striking than the council chamber scene which replaced it in 1881. "But that's to the earlier version's advantage," argues Elder. "The problem with the later version is that Verdi didn't do much revision to Act 2. Unlike the council chamber scene, which has such power and originality that you wonder what can follow it, the original Act 1 finale comes to a musical and dramatic climax without toppling over the second half of the evening."

Elder's Verdian authority came across strongly in the television documentary he made about the composer three years ago. He has just completed a similar job on Donizetti. He reveals that *Lindo di Chamounix* has always been a secret passion, "and my respect and understanding for what Donizetti achieved has grown 500-fold in the past 12 months. Bel canto has come into my life in a big way, and I'd love to do more of it, drawing on my experience of Verdi. I want to find a way of making these pieces work with the sort of vibrancy I think is essential to the style."

Donizetti's absence from the roster was one of Elder's few regrets about his ENO years; another was the occasional imbalance between stage and pit. "There were times – and David [Pountney] knows this – when I felt the audience wasn't listening enough, because they were spending too much energy trying to puzzle out what was happening on stage. Sometimes I shared that irritation. As a conductor, it matters to me enormously what I see in front of me. It affects how I breathe with the music, how I respond to what the singers give me. So if I look up and see something I don't respond to, I feel impotent. I certainly felt that with the 'poor people's *Carmen*.'"

Elder's many admirers believe this willingness to argue for the music, and his commitment to the interests of orchestra and chorus, are exactly the qualities the Royal Opera will need when it settles back in its home in the early years of the new century. By 2002, when Bernard Haitink is expected to step down as music director, Elder should be ideally positioned to take his place. He would not be the first Englishman to graduate to Bow Street from "down the road". Or will the Royal Opera opt again for foreign glamour?

Elder plays a straight bat. "I had my first contact with an enormous part of operatic literature at Covent Garden, when I was a student listening from the gods, and I started my career there as a repetiteur. It's a second home. There is a wonderful job to be done, and I'm delighted Bernard is going to spend more time there. I'm aware it's a very different organisation to ENO, which is healthy. I hope that whatever the future holds, it will be for the best of the company."

Theatre/Sarah Hemming

Damaged lives of the lady's maids

In the 50 years since its shocking premiere in Paris, Jean Genet's *The Maids* has often been produced with male actors taking the parts of the maids and the mistress they dream of murdering. Thus the elaborate rituals the sisters engage in, dressing up in their employer's clothes, playing power games, taking it in turns to play the dominant and the subservient part – take on a homoerotic charge which reveals something about Genet's own relationship with his sexuality. But John Crowley's interesting new production at the Donmar Warehouse moves away from this approach. Indeed, he studiously avoids any temptation towards camp, sets the play squarely in 1940s bourgeois France and goes for a straight, psychological interpretation.

Here the maids are two whey-faced sisters in unbecoming black dresses and sensible shoes, whose frustration has partly to do with being trapped in a padded cell. The crumbs of comfort that their mistress gives them – dresses that are worn, flowers that are fading, sugared almonds – only increase their sense of poverty and dependence, of sharing tantalising moments of a luxury they can never own and dwelling next to a sinuous beauty they can only play at emulating. Niamh Cusack and Kerry Fox are beautifully contrasted as the sisters: Cusack pale, driven and restless, Fox sullen and strong. As they frenziedly strew flowers on the floor and strike attitudes in their mistress's gowns, they look like children swaggering in defiance at their parents. But when their mistress returns and offers them the clothes they have just been making free with, they seem to shrink visibly before us into powerless, humble beings.

Crowley's production makes plain the damage inflicted by subservience and the stultifying lives of women in service in 1940s France. You can almost smell the suffocating sweetness of Tim Hatley's opulent set – a dressing table dripping with pearls, a huge bed swamped in pillows, high French windows. And David Rudkin's translation has a slightly strange formality and ornateness that hints at Genet's style and helps the perverse parallels with the Catholic mass to emerge. The maids refer to their mistress as "our lady", and in one striking moment, Niamh Cusack stands downstage, eyes glazed, reciting "our lady is sweet. Our lady is kind" like a child preparing for her first communion.

All this is good and leads you into the stifling world that might pick away at the maids' sanity. But what is missing is a sense of danger or erotic charge. Josette Simon is gorgeous as the maid's mistress, like some beautiful pedigree cat. Simon is so tall and lithe that she would make anyone look dumpy, and as she toys with the maids, bestowing little gifts on them, spotting the irregularities that their hastily tidied ritual has left behind yet laughing them off, we see Cusack and Fox bridle in helpless loathing. There is a dangerous unpredicability to Simon's performance too, yet still one feels there is something missing in this theme. The air should be sticky with fear and anticipation, with desire and hatred, as the maids swallow her humiliations and try desperately to urge their poisoned tea upon her.

The production never rises to that pitch, nor does it overcome the longueurs in Genet's text, so that in patches it is quite dull. This is a thoughtful staging that has accumulative power, but badly lacks that hair-raising sense of being on the edge.

Continues at the Donmar Warehouse, London WC2 (0171 369 1732).

Alastair Muir

Accumulative power: Niamh Cusack and Josette Simon in Genet's 'The Maids'

Theatre/Ian Shuttleworth

Don Juan moves to Latin America

As a performer, Toby Jones is an exceptionally gifted exponent of theatrical clowning, which made me rather perplexed by the muted deferential register of his production last year of Molière's *The Hypochondriac*. Such an approach proves far better suited to the tragic comedy of the same author's *Don Juan*.

Actor Edward Kemp has given the play a major overhaul. He has conflated characters to avoid rampant doubling, and relocated the action to an unspecified latin American site in the early part of this century; the latter move grounds in "magical realism" the fantastical conclusion of the statue coming to life to drag the philandering Don into the grave (here Kemp also stitches in elements of the Mozart/Da Ponte opera to lessen, though not entirely eradicate, the perfunctory feeling of Molière's ending), and also facilitates some by-play around the tradition of the Day of the Dead – at one point Don Juan escapes the jilted, revenge-seeking Dona Elvira by disguising himself in a skeleton costume.

Comedy and contemplation are finely balanced in Jones's production. Most of the laughs are either treated as incidental to the main plot or arise from peripheral business (these marginal giggles being the most palpable indicators of Jones tha clown). The Don's manservant Sganarelle, as played by Patrick Brennan, looks, sounds and even behaves more than a little like Clive Swift in his TV role as long suffering foil to Patricia Routledge: good-hearted and put-upon, nice but dim. He does, however, deliver in the second act a marvellous stream of free-association similar to the old "Why are fire engines red"? joke, purporting to prove that his master is damned.

Martin Marquez as Don Juan neither swaggers nor twirls his metaphorical moustachios: he is simply committed to a life of atheistic libertinage, which he defends in several lengthy exchanges with Sganarelle. His more extreme acts, such as offering a gold coin to a hermit if the latter will blaspheme against heaven, or lying about his conversion to the straight-and-narrow, seem included solely to rack up the amorality points in order to imbue his ultimate fate with an air of justice. (At one point, also, his speech on hypocrisy as a private vice but a public virtue is eerily reminiscent of recent events: he all but mentions simple swords and trusty shields.)

Angela Davies' versatile set, consisting of a doll's-house *cabana* amid a family wilderness, cheekily parodies Ian MacNeil's design for *An Inspector Calls*. Apparently the press performance contained one or two technical hitches, although nothing of the sort was noticeable from the auditorium. There is no hope of imposing a uniform tone upon the proceedings, any more than with one of Shakespeare's "problem" plays, but Jones does a fine job of counterpoising the play's gravity and levity.

West Yorkshire Playhouse, Leeds, until July 26(0113 2442111).

INTERNATIONAL ARTS GUIDE

■ AMSTERDAM

CONCERT
Concertgebouw
Tel: 31-20-573 0573
● Symfonieorkest van het Koninklijk Conservatorium: with conductor Edo de Waart and the Sweelinck Conservatorium in works by Mahler; Jul 1

■ ATHENS

THEATRE
Odeon Herodus Atticus
● Selestina: by de Rojas. Directed by Stravros Doufexis. The cast includes Despina Bebedeli and Mania Papadimitriou; Jun 29, 30

■ BERLIN

EXHIBITION
Haus der Kulturen der Welt
Tel: 49-30-397870
● The Other Modernists: display of works by 30 contemporary artists from Africa, Asia and Latin America, including Mónica Castillo, Xu Bing and Fariba Hajamadi; to Jul 27

THEATRE
Theater am Kurfürstendamm
Tel: 49-30-881 3020
● Guten Tag, Herr Liebhaber: by Pillau. Directed by Manfred Langner. The cast includes Brigitte Grothum, Brigitte Mira, Hans-Jürgen Schatz and Wolfgang Gruner; to Sep 7

■ CHICAGO

EXHIBITION
Museum of Contemporary Art
Tel: 1-312-280-2660
● Alix Pearlstein: video installation by the New York-based artist who uses everyday objects in her work to create bizarre scenes and situations that are loaded with sexual innuendo; to Aug 17

■ COLOGNE

CONCERT
Kölner Philharmonie
Tel: 49-221-204 0820
● Peter Schreier and András Schiff: the tenor and the pianist perform works by Schubert; Jun 29

EXHIBITION
Schnütgen Museum
Tel: 49-211-221 2310
● Mittelalterliche Buchkunst aus Beständen des Schnütgen Museums: selection of illustrated manuscripts from the museum's collection; to Jul 20

■ LONDON

EXHIBITION
Serpentine Gallery
Tel: 44-171-4026075
● Tadashi Kawamata: the final commission in the Serpentine's Inside Out programme, consisting of materials retrieved from the demolition of the Gallery prior to its renovation; from Jul 1 to Sep 7

THEATRE
Lyttelton Theatre
Tel: 44-171-921 0631
● Lady in the Dark: directed by Franscesca Zambello. The cast includes Maria Friedman and Paul Shelley; to Jun 28

■ MUNICH

FESTIVAL
Münchner Opern Festspiele
● Münchner Opern-Festspiele: this year's festival includes performances by the Bayerisches Staatsballet, the Bayerische Staatsoper, Placido Domingo, Edita Gruberova, Bryn Terfel, Felicity Lott, Ann Murray and Montserrat Caballé. The opening concert is by the Bayerische Staatsorchester, conducted by Oleg Maisenberg in works by Schumann; from Jun 29 to Jul 31

■ NEW YORK

EXHIBITION
Brooklyn Museum
Tel: 1-718-638 5000
● American Paintings: Ashcan and Modernist – display of works from the museum's collection of paintings from the first half of the 20th century. Featured artists include Florine Stettheimer, Marsden Hartley and Georgia O'Keeffe; to Jun 29

Guggenheim Museum SoHo
Tel: 1-212-423 3840
● Cristina Iglesias: the first solo exhibition in the United States by the Basque sculptor, featuring large-scale works that combine the imposing characteristics of industriel materials with the intricate patterns and textures found in nature; to Sep 7

The Metropolitan Museum of Art Tel: 1-212-879-5500
● No Ordinary Mortals – The Human (and not-so-human) Figure in Japanese Art: exhibition covering Japanese art from prehistoric times to the present day, featuring paintings, sculptures, ceramics, textiles, lacquers and prints; to Oct 5

■ PARIS

AUCTION
Drouot Tel: 33-1-48 00 20 42
● Collection Marisa Berenson: highlights include garments by Chanel, Ungaro, Kenzo, Armani and Dior; Jul 1

DANCE
Théâtre National de l'Opéra – Opéra Garnier
Tel: 33-1-4266 5022
● Sylvia: choreographed by John Neumeier to music by Delibes; Jun 30; Jul 1, 2, 3, 4, 5

■ SAN FRANCISCO

CONCERT
Louise M. Davies Symphony Hall Tel: 1-415-864-6000
● San Francisco Symphony Orchestra: with conductor Michael Tilson Thomas, the San Francisco Symphony Chorus and bass-baritone Richard Zeller in works by Berlioz; Jun 28

EXHIBITION
SFMOMA – Museum of Modern Art Tel: 1-415-357 4000
● Peter Fischli & David Weiss: In a Restless World – the Swiss artists provide a sly, ironic comment on the state of contemporary art with their representations of everyday humdrum objects; to Aug 26

■ STUTTGART

EXHIBITION
Galerie der Stadt Stuttgart
Tel: 49-711-216 2188
● Les Levine: display by the multi-media artist, featuring video work and pieces displayed on large poster boards; to Aug 24

■ TORONTO

EXHIBITION
Art Gallery of Ontario
Tel: 1-416-979 6648
● Whistler and His Circle: Etchings and Lithographs from the Collection of the Art Gallery of Ontario – 45 prints by James McNeill Whistler (1834-1903) and 25 by the circle of artists that surrounded him, including Walter Richard Sickert, Joseph Pennell and Clarence Gagnon; to Jul 6

■ VALENCIA

EXHIBITION
IVAM Centre Julio Gonzalez
Tel: 34-6-3863000
● Magic Realism: Franz Roh and European Painting 1917-1936 – large scale exhibition examining art between the wars and featuring works by 120 artists including Beckmann, Schad, Grosz, Dix, Schlichter, Schrimpf, Carrà, de Chirico, Léger, Picasso, Sunyer and Dali; to Aug 31

■ VIENNA

OPERA
Volksoper Wien
Tel: 43-1-514442960
● Stiffelio: by Verdi. Conducted by Fabio Luisi. Soloists include Mara Zampieri and Renato Bruson; to Jun 28

■ WASHINGTON

EXHIBITION
National Gallery of Art
Tel: 1-202-737 4215
● Picasso: The Early Years, 1892-1906 – exhibition revealing Picasso's achievements prior to the advent of Cubism. Beginning with Picasso's formative years, this selection of 125 pieces traces the artist's close contact with modernism in turn-of-the-century Barcelona and his subsequent emergence in Paris; to Jul 27

WORLD SERVICE

BBC for Europe can be received in western Europe on medium wave 648 kHZ (463m)

EUROPEAN CABLE AND SATELLITE BUSINESS TV

(Central European Time)

MONDAY TO FRIDAY

NBC/Super Channel:

07.00
FT Business Morning

10.00
European Money Wheel
Nonstop live coverage until 15.00 of European business and the financial markets

17.30
Financial Times Business Tonight

CNBC:

08.30
Squawk Box

10.00
European Money Wheel

18.00
Financial Times Business Tonight

Philip Stephens

Rose-tinted view

Whatever Britain's legacy in bestowing democracy, only the people of Hong Kong can now defend their liberties

There will be self-delusion aplenty amid the fanfare and fireworks at the sunset of British empire in Hong Kong on Monday. No doubt many tears will be wiped from colonial cheeks as the royal yacbt Britannia steams from Victoria Harbour. But let us not be starry-eyed as the book closes on the viceroys' rule.

The story of this rocky imperial outpost turned glittering city state was never quite as it is now told. As for the future, well, that is contingent upon the most heroic of hypotheses. Beijing, it is said, will respect the liberties and the fragments of democracy lately bestowed by the departing power. The assumption is as brittle as it is expedient.

The late Lord Harlech, eerving as ambassador in Washington at the time Africa was being set free, observed with some wisdom that Britain would be more honoured for the way sbe disposed of empire than for the way she had acquired it.

Look back to the annexation of Hong Kong 150 years ago and you can see what he meant. Secured by the treaty of Nanking in 1842 after the first Anglo-Chinese war, this new possession was famously described by Lord Palmerston as a "barren island with hardly e house upon it". Its seizure from China'e celestial emperor was vital, though, to protect the poisonous trade in opium which enriched the empire.

Nor was Hong Kong an early beneficiary of the civilising influences of colonial administration. As one traveller observed around the turn of the century, you could not walk the streets without "seeing Europeans striking coolies".

It is an accident of history the territory was not returned to China at tbe end of Japanese occupation in 1945. It could thus receive tbe millions fleeing Meo Zedong's terror. But the enlightenment was a long time coming. Even 10 years ago the then occupant of Government House was prepared to trample on the first shoots of local democracy.

Enough of perfidious Albion. Autocracy can be benign. There are credits to be set alongside the debits: entrenchment of the rule of law and, by and large, freedom under it; a light administrative touch as the colony's citizens have grown richer than their erstwhile masters; and, under Chris Patten, the last governor of the last significant imperial outpost, e template and a taste for democracy.

What matters is whether, as Harlech would have it, there is honour in departure; whether the future sparkles as brightly as the past. Sadly, there are exceptions to the most sagacious of observations.

There is little purpose in revisiting the joint declaration signed by Margaret Thatcher and Deng Xiaoping in 1984. The expiry of the lease on the new territories made the transfer of sovereignty inevitable.

Lady Thatcher thought sbe had secured the best deal available. Deng'e concept of one country-two systems presented an ingenious escape route from the unpalatable reality that Hong Kong was being handed to e despot rather than to its people.

> Beijing will respect its obligations only to the extent that they coincide with its perception of the external constraints

You do not have to read the fine print to see that the underlying premise – that the system of government in Hong Kong will not change for 50 years – was fatally flawed. The treaty enshrining the declaration was signed by a regime in Beijing which has neither respect for, or understanding of, the rule of law. In China, the law is an instrument of repression, not the guardian of liberty. This is a country where arbitrary detention and abuse of human rights is stitched into the fabric of the state.

So China will respect its obligations only to the extent they coincide with its perception of the external constraints and its consequent calculation of narrow self-interest. The omens are not encouraging.

Hong Kong's first elected legislature will be disbanded within hours of Britannie's departure, to be replaced by an assembly of cronies. Civil rights, most visibly the right to demonstrate, will be curtailed. Ominously, Tung Chee-hwa, the incoming chief executive, already speaks of the "balance" which must be etruck between human rights and prosperity, and between freedom and order.

The world outside seems unconcerned. The European Union speaks grandly of a common foreign policy, even of a single army. But ask it to make a small gesture in defence of the freedom of 6m people in Hong Kong and it responds with all manner of self-serving obfuscation. China, with e fifth of the world's population, is the market everyone wants to be in. As the ambassador in Brussels of one of the EU's larger states was heard to remark this week, it is damn inconvenient for Britain to start raising human rights.

Britain is not immune from this moral relativism, which contrives to file despicable repression under the all-embracing rubric of "Asian values". Percy Cradock, , main contributing euthor to the 1984 text and a prince among Sinapologists, still finds a sympathetic echo in the corridors of Whitehall and Westminster.

I last met Sir Percy in Beijing in 1991. John Major, not long in 10 Downing Street, had arrived to secure a deal on Hong Kong's new airport. His hosts generously obliged him to inspect a military guard of honour in Tiananmen Square. The same soldiers, we supposed, had fired their cannons into the crowds of unarmed protesters two years earlier.

Disobligingly, Mr Major responded with public criticism of Beijing's human rights record. Tut, tut, whispered Sir Percy as we stood afterwards on the manicured lawn of the British embassy. I should pay no heed. Mr Major did not yet understand the Chinese way of doing things.

Doubtless Tony Blair's government, with a helping hand from Washington, will do its best. But if it really had faith in the future it would have handed out full passports to all who requested them. Things would have to be bad indeed before Hong Kong's citizens willingly swapped its technicolour magic for the black, whites and greys of Britain.

No, it will be up to Hong Kong to defend its freedoms. With its people lies the only real prospect of China honouring its bargain. Many will say Mr Patten's reforms were too little too late. Maybe. Bnt during the past five years the people have shown themselves as comfortable with freedom as they are proficient in the business of capitalism. With luck, the taste for democracy will linger. Let us hope so. We can be certain Hong Kong will prosper. It will be e much tougher fight to preserve its liberties.

LETTERS [redacted]

Number [redacted]

We are keen to encourage [redacted] fax to 'fine'). e-mail [redacted] .com [redacted]

Signs that more balanced view being taken of wisdom of UK commitment to Emu

From Mr Anthony Clark.

Sir, In "A two-speed carriage" (June 10) Martin Wolf recanted his pro-Emu opinions with good grace, admitting, at last, that France and Germany had "mutually incompatible ideas about economic policy".

In "The ragbag treaty" (June 20) Philip Stephens roundly proclaimed that "Economic and monetary union, a project for political integration, [was] built on the most precarious of economic foundations. . . ". It is surprising that Stephens, in his previous articles on Emu, had not stressed this weakness.

In "Fault-lines appear" (June 25), Ian Davidson begins to show signs that he is now aware of limits to the federalist desires of even the staunchest EU member states.

Evidence of the deep flaws in the European project, and doubts as to the wisdom of Britain's committing herself to it, had been visible for a very long time. Those of us who have pointed out these weaknesses have been condemned by the Financial Times as "jingoists, xenophobes and little Englanders". Your newspaper, which has so often called for a thorough debate on these matters, has never been able to conduct such a debate because it does not concede that opponents of a union à la Kohl-Mitterrand-Delors have any rational case to make. Perhaps now we shall begin to see the FT taking e more balanced view.

Anthony Clark,
61 Cross Oak Road,
Berkhamstead,
Herts HP4 3HZ, UK

Human dimension of a green target

From Dr Rupert B. Pearson.

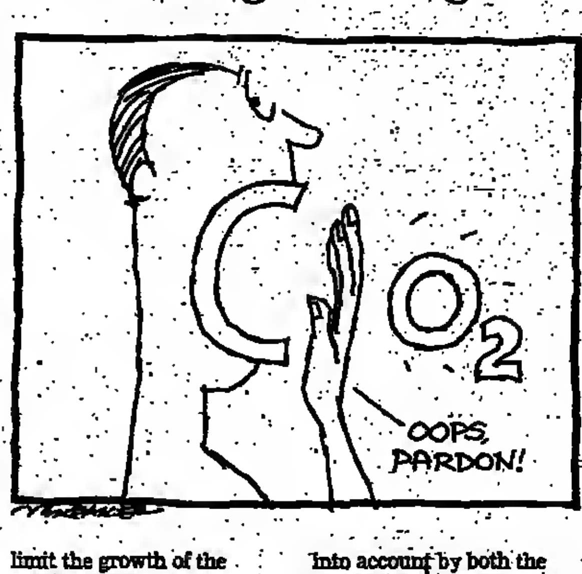
Sir, I refer to your front page article on "Pollution row hits summit" (June 23). In this report on the meeting of G8 leaders is a reference to "the European Union wanting other leaders to endorse its self-imposed target to cut carbon dioxide emissions, mainly caused by the burning of fossil fuels, to 15 per cent below their 1990 levels by 2010".

A calculation by Professor Barbara Banks and Professor Charles Vernon of University College London, published in the Journal of the Royal Society of Medicine, Volume 83, May 1990, leads us to believe that the biological production of carbon dioxide on our planet cannot be very different in amount from that produced by all other activities.

It further goes on to state that as well as limiting the industrial production of carbon dioxide we must also limit the growth of the human population.

Has this biological production of carbon dioxide, and its implication for developing nations with their potentially much larger growth in population, been taken into account by both the politicians and their advisers?

Rupert B. Pearson,
34 Stag Green Avenue,
Hatfield,
Hertfordshire AL9 5EB, UK



Pay that performs the job

From Ms Ellen Quinn.

Sir, "Money is a bad motivator of people. It encourages them for only a short time and ever increasing sums are needed to achieve the same effects."

So pontificates the somewhat blue-stocking Lucy Kellaway in her recent column "Why bad management is all in the genes" (June 16). Alas Ms Kellaway has blissfully missed the point, which is that if people are not coming to work for pay, then why are they coming?

There is an old communist joke, which contains e great deal of truth, which says that "we pretend to work and they pretend to pay us". In other words, socialism over 80 or more years demonstrably did not work. The opposite of performance-related pay, when you think about it, is non-performance related pay.

With straws in her hair (as she once charmingly admitted), Ms Kellaway is a first rate luncheon interviewer. However, as a management theoretician she leaves, I fear, e little to be desired.

Ms Kellaway is perfectly wrong: performance-related pay has not been e failure.

Ellen Quinn,
vice-president,
administration,
Yankee Energy System,
599 Research Parkway,
Meriden, CT,
US

Cogent and valuable theory, not a con

From Mr Stephen Grosz.

Sir, I would take issue with Raymond J. Dolan in his book review of *The Memory Wars*, by Frederick Crews (Weekend FT: "The great intellectual con", June 21/22).

Portraying psychoanalysis as a kooky cult, Professor Dolan writes: "Great scientific ideas invariably break free of their humble beginnings to inform a wide range of human enterprise.

The greatest indictment of psychoanalysis is that its only indisputable achievement has been its organisational self-perpetuation, while its influence on serious psychological theories of mental structure can be rated as approximately zero."

In fact, psychoanalysis has broken free of its "humble beginnings" and its place in the intellectual life of our universities is increasing. For example, during the past five years alone, new MA and PhD programmes in psychoanalytic studies have been introduced at Brunel University, University College London; University of Essex, University of Kent and Middlesex University.

These universities are establishing higher degree courses in psychoanalytic studies because they believe psychoanalysis offers e cogent and valuable theory of mind, not because they have been conned.

Stephen Grosz,
52 Downshire Hill,
London NW3 1PA, UK

Europa · Dominique Moïsi

The logic of the leopard

French voters may be encouraging change so that the state can remain the same

France's call for a more "social" Europe, to which other Europeans pay lip service, does not only reflect a narcissistic urge to be different from the pack. It also arises from a deeper search for e European answer to the challenge of globalisation and its perceived side-effect – unemployment.

The new French government truly believes there is a European model that can combine economic growth with social concerns. It thinks that Europe, inspired by France, can show the world the way to a more humane economic development.

France's new political leaders are also convinced that the cause of Europe will not progress without the commitment and support of European citizens. The demands of society for more jobs cannot be met solely by the imperatives of the stability pact or convergence criteria, they say. The French feel that, far from fighting a rearguard, anachronistic battle, they are voicing concerns that will begin to proliferate in the rest of Europe over the coming months and years, especially in Germany.

Behind tbe French concerns lies the fundamental issue of the role of the state, e subject that differentiates France from the rest of Europe. The French electorate, which last month precipitated a spectacular change, has demonstrated its contradictory attitude.

At a political and moral level it wants a more balanced executive and a more modest and honest state. The personal triumph of Mr Lionel Jospin, the Socialist leader, was as much a revenge of France's left against the late François Mitterrand, who it considered had become lofty and aloof during his last years in office, as a defeat of the conservative parties led by Mr Alain Juppé and President Jacques Chirac himself.

At the same time, however, the electorate still demands a significant role for the state in social and economic matters. Who else but the state could protect the weakest, poorest elements of society and regulata the effects of the market?

It could be argued that this instinct is a purely conservative one and that the French electorate is acting in tha manner so well described by the Italian writer Giuseppe Tomaso di Lampedusa in his novel *The Leopard*: "Everything had to change, so that everything could remain the same."

In social and economic terms, Germany is mnch closer to the pragmatic reformism of Mr Tony Blair, the UK prime minister, than to the statism of the French Socialists. The differing attitudes of the French and Germans towards the role of the state is bound to have a large and potentially disruptive impact on the future of Europe. To paraphrase an old Chinese saying, "France and Germany sleep in the same bed, but with different nightmares."

> Most French favour a single currency but would probably accept a weaker euro in the name of a wider and arguably stronger Europe

The nightmare of the Germans – for obvious historical reasons – is hyperinflation. A strong currency is the key to their identity. If the Germans see the European Union as a way to escape their anti-democratic and imperial past, a strong and well-respected currency has symbolised their intense search for domestic and international legitimacy.

The nightmare of the French, by contrast, is unemployment. The jobless total is not much higher in France than in Germany, but it cannot be blamed on any historical turning point such as unification. Unemployment in France is seen as a sign of pure failure. Politically, this is manifested by a continuing rise of the extreme right; in social terms it translates into nationwide gloom.

Most French favour a single currency but would probably accept a weaker euro in the name of a wider and arguably stronger Europe. For the Germans, who are in the main against the single currency, only a strong euro will do.

The compromise reached at the Amsterdam summit on the social and economic future of Europe should not hide one fact: the euro debate would be far less confused if European governments hed been more straightforward in outlining their objectives.

This should have included clear answers to the questions: What is the meaning of the euro? Is it a political project, aimed at creating a European political identity through a common currency? Or is its aim to guard against tha possible domination of the D-Mark? Or are the strict disciplinary measures imposed by the euro the essence of the project, with the single currency itself simply e means to another end?

The euro is a mixture of all these things, but it has never been clearly presented to Europeans. This lack of clarity has been made more dramatic by the fact that tbe entire European project, for lack of serious progress in the other fields of politics, foreign policy, security, and so on, rests on the future of the euro.

Under the enlightened pragmatism of Mr Blair, the British may be moving closer to Europe, leaving behind them the doctrinaire aloofness incarnated by Baroness Thatcher, the former UK prime minister. Largely by default, the Europe that is evolving may be much closer to the pragmatic vision of the British than to original Franco-German ambitions.

The results of the Amsterdam summit were greeted with a sense of relief, mainly because at some points the worst had been feared. But nothing has been solved and the contradictions between the new France and its main partners remain.

This is compounded by the vulnerability of the man who more than anyone else has come to incarnate the cause of Europe: Mr Helmut Kohl, the German chancellor. French voters have not yet done too much damage to the cause of the euro: the test of the German voters may prove to be much more formidable if the country's economy does not show real signs of recovery.

In fact another danger threatens Europe after the failure of Amsterdam end tha tensions of the G7 summit in Denver in which the Frencb expressed tbeir resentment at American triumphalism. Europe must avoid the temptation to recreate a sense of unity at the expense of the US. The crisis of the EU cannot be solved by creating e transatlantic crisis.

The author is deputy director of the Paris-based Institut Français des Relations Internationales and editor of Politique Etrangère. He writes here in a personal capacity

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700

Friday June 27 1997

Fighting the drugs war

This week's report from the UN International Drug Control Programme makes unhappy reading for those seeking signs of progress in the battla against illicit drugs.

There is no evidence that the current international strategy to counter drug abuse, which aims to destroy production sources, disrupt trafficking and edncate would-be consumers, is working.

On the contrary, narcotics consumption has increased throughout the world, ths most spectacular growth being shown in synthetic drugs.

Trade in drugs, now estimated as equal to trade in textiles, is hugely profitable, with margins reaching 300 per cent at retail level. The report suggests that at least 75 per cent of international shipments would need to be intercepted to reduce the profitability of drug trafficking. The current proportion seized is about 10 per cent.

On top of this must be set the costs of the drugs "war" over the years. This has been largely borne hy the prodncer countries, which have been corroded by corruption and face creeping militarisation, because of the way the battle has been fought.

It is tempting to conclude that the only response to this failure is legalisation, or at least decriminalisation of drug consumption. The problem with this counsel of despair is that many professionals who care for drug abusers believe that it would lead to a sharp rise in consumption, with all the consequent health and other costs for society.

Ths casa for lagalisation depends strongly on the assumption that demand changes little as prices rise or fall. Such price inelasticity implies that current policy serves only to exclude less successful suppliers from the market, leading to higher profits for those left in the husiness. This assumption, as the UN report makes clear, is qnestionable. Legalisation is fraught with dangers therefore. It may inflict even higher costs on society than the ones now being paid in the drugs war.

There is a case, however, for a hard new look at the narcotics threat in a global forum. This should consider decriminalisation of some substances, including marijuana. In addition, it is difficult to see what threat is posed by the currently illegal export of coca tea hags from Bolivia and Peru. Its legalisation might take some growers out of the grip of criminal organisations.

There is almost certainly no available way to destroy this $400bn a year business. But concentrating resources on the ahuse of the most seriously damaging drugs would be a worthwhile development.

Net law

A law as sweeping and badly drafted as the US Communications Decency Act was never likely to stand up to the scrutiny of the Supreme Court. So it is no surprise that the court yesterday ruled its key provisions unconstitutional.

The measured good sense of the court's judgment is best demonstrated in its handling of the most ticklish snbject, the government's legitimate interest in protecting children from harmful materials.

"That interest does not justify an unnecessarily broad suppression of speech addressed to adults," says the court. "As we have explained, the government may not reduce the adult population to only what is fit for children."

Nullifying a bad law is relatively easy. Solving the problems the law was framed to address is a rather more difficult task. It is important, however, not to knot together all the issues into a single tangle.

Most of the issues involving children, for example, boil down to matters of internal family control. Parents who cannot be bothered to enforce discipline on their children should not expect the state to provide it through censorship.

As the supreme court points out, "reasonably effective" software to allow parents to restrict their children's access to inappropriate Net materials is on its way. Even without such belp, parents can supervise their children's cyber-lives just as firmly – or as laxly – as they watch over their ordinary existence.

A much more difficult question is whether the state may restrict its adult citizens' access to Net pornography. The Supreme Court repeats an old distinction: the US government may ban material which is obscene, but not that which is merely indecent. This distinction is difficult enough to draw in one country. The task is impossible in an electronic network which links citizens of every country in the world.

The technology which parents can use to restrict their children's surfing offers an appealing but flawed solution to this problem. The state is not a parent; adults are not children.

Some countries will place their emphasis on stamping out exploitative or brutal creation of pornography, and on ensuring that citizens are not exposed to it inadvertently.

Others will undoubtedly seek, fairly successfully, to limit their citizens' electronic access to pornography or what they regard as politically subversive material.

Yet, as the US constitutiun recognised two centuries ago, the benefits of unrestrained communication ontweigh ths drawbacks. That was true in the era of the rowdy town-meeting and the scurrilous pamphlet. It is as true for the Net today.

Air quality

Ths US Environmental Protection Agency's proposals for tougher air quality standards have caused great controversy, not only between environmental and industry lobbies, but also in ths White House. President Clinton's economists had resisted the plan he endorsed this week. Introduced carefully, however, it may make sense.

The new regulations target the levels of ozone and particulate matter – soot and smog – allowed in the atmosphere under the Clean Air Act. The permitted level of ground-level ozone in the air has been cut sharply, from 0.12 to 0.08 parts per million. The size of soot particles ccvered by regulations bas also been reduced, from 10 to 2.5 microns.

The atmosphere in the US has been getting cleaner by most measures. Yet the incidence of asthma and other respiratory diseases bas been on the increase. Widely accepted scientific evidence has linked ozone to respiratory problems, particularly in cbildren. The EPA's tougher controls on soot are based on more controversial evidence showing that small particles can penetrate the lungs and reduce lung capacity, particularly of young children. This can lead to premature death.

The EPA estimates that the tougher regime will lead to 1m fewer cases of reduced lung capacity a year. It also argues that tha gains from saving 15,000 lives per year hy controlling soot particles amount to a henefit of $75bn per year. Against this, the National Council of Economic Advisors has said that the cost for industry will exceed $60bn a year.

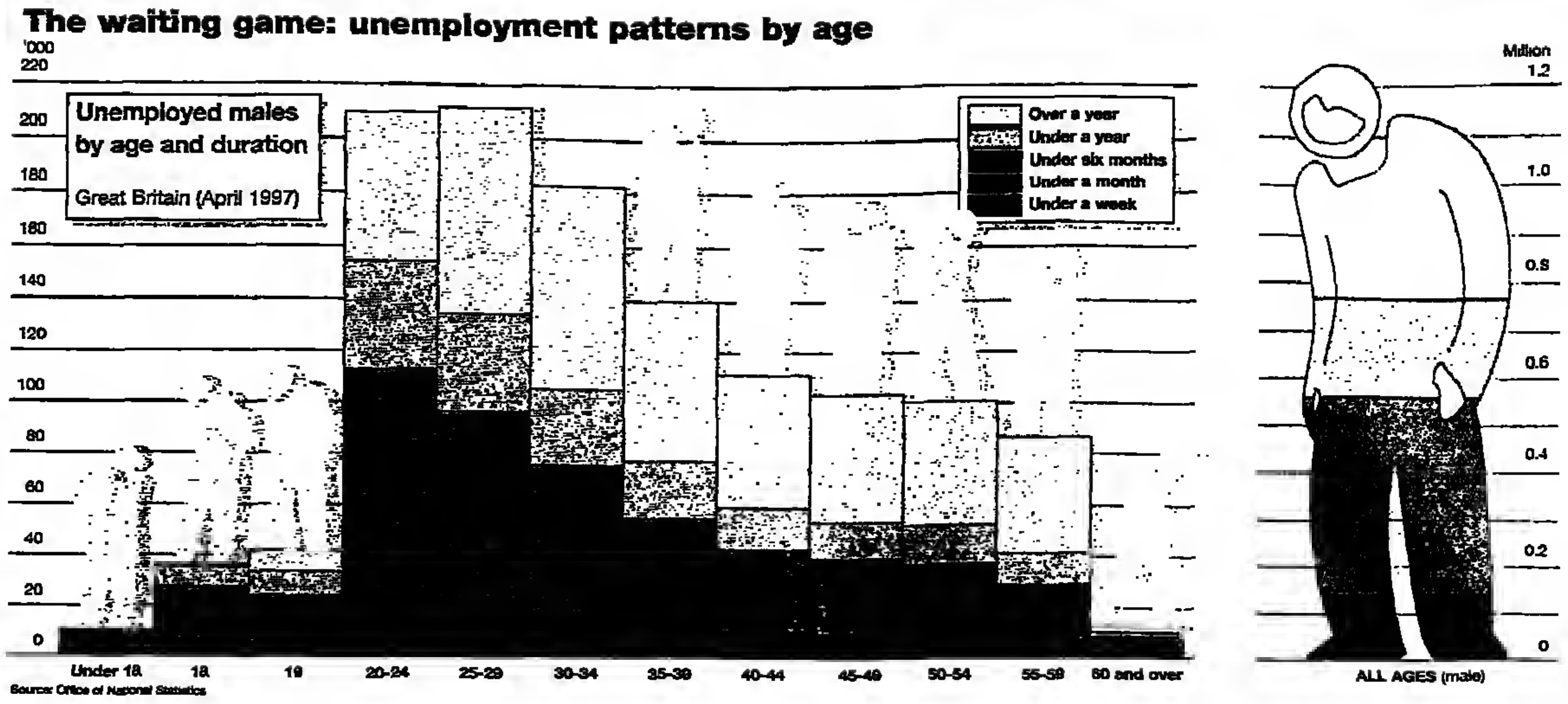
The judgment is self-evidently a fine one. But the EPA's concerns are not groundless. A political decision had to he made. Mr Clinton is playing to the gallery, but he could still have made the right one.

Yet the move towards any new targets should hs made slowly and the costs and benefits be carefully assessed along the way. This could be what the EPA has in mind with its insistence that implementation will be flexible and tima allowed for adjustment, with areas needing to make the greatest changes given the greatest leeway.

State governors, industry and local government are understandably worried about what the new regulations will mean for them. What the EPA must do is demonstrate that its stance is sensible, the regulatory cbanges it proposes are realistic and the reforms it suggests are the lowest cost route to the benefits it has identified. Such policy changes inevitably involve striking a delicate balance.

The EPA – and Mr Clinton – must convince the public and Congress that they have struck the right one.

The waiting game: unemployment patterns by age



Source: Office of National Statistics

Jobs for a lost generation

The UK government scheme to tackle youth unemployment will depend on the co-operation of business, says **Robert Taylor**

For a government bent on deflating popular expectations, the stated aim of the UK'a Labour party to wipe out long-term youth unemployment looks a trifle ambitions.

Its £3bn ($5bn) five-year "welfare to work" programme for the long-term johless – to be financed by a windfall tax on privatised utilities – is at the core of its employment strategy. Few other governments in the world have sought through a partnership of state and husiness to hring about such a revolution in the labour market.

The welfare-to-work programme is designed to "put to use the skills of a lost generation". Mr Gordon Brown, the chancellor of the exchequer, told business leaders this week at a Downing Street breakfast. In tha process, it would "cut the costs of social and economic failure".

Details of what is planned are slowly emerging. Broadly, the government has pledged to eradicate long-term joblessness for all under-25-year-olds within five years. The scheme defines long-term unemployed as those aged over 25 without work for two years and under-25s jobless for more than six months.

The programme will in January start pilot projects in 15 areas of Britain, followed by a nation-wide launch in April. Initially, all under-25s classified as long-term unemployed will be offered one of four options:

● Take a six-month work and training placement with a private-sector company. Employers will be paid a subsidy of £60 a week for each unemployed youth taken on.
● Work in the voluntary sector.
● Join an environmental task-force, yet to be established.
● Agree to more education and training.

Separately, a weekly subsidy of £75 will be offered to employers who take on over-25s unemployed for more than two years, though the government will put less emphasis on this aspect of the programme.

Success, says the government, will hang on the readiness of business to participate. Sir Peter Davis, chairman of Prudential Corporation, the UK insnrer, is heading the government's advisory taskforce, the members of which will be announced shortly. Mr Brown will give financial details of the scheme in his first Budget oo Wednesday.

Strong government commitment to the success of welfare to work is not in doubt. But whether it can drum up the same enthusiasm among the business community is unclear. Mnch depends on how far it can reassure companies that what is being asked of them is realistic.

Ministers sppear ready to listen. The "gateway" programme, which will attempt to ensure that unemployed young people are made "employable" before being offered an option, is a clear response to anxieties expressed in a recent report by the Prince's Trust, the independent charity. This stressed that unemployed people needed to be equipped with social skills.

Other anxiatles may prove harder to satisfy. Many employers, particularly small and medium-sized businesses, bave no wish to employ young people who are not motivated, or who could be disruptive or require close supervision. Ministers stress employers will have complete freedom over whom they recruit. But this could mean that more difficult youngsters are confined to the voluntary sector and the environmental taskforce.

Many long-term jobless have genuine problems. Some suffer from drug addiction or alcoholism and are likely to provs extremely hard to get into regular work. Up to s fifth of the young unemployed may fall into this category, according to Mr Alan Sinclair, chief executive of the Wise group, a private company.

Mr Sinclair has pioneered voluntary welfare-to-work schemes in Glasgow, partly funded by the government. These have been largely successful, but expensive.

The manner in which participants are paid under the scheme is also controversial. In the private sector, a wage will be negotiated between the new recruit and the employer. In the public sector – such as the environmental taskforce – young people signing up to the scheme will receive their normal benefit plus an additional £20 a week.

So-called benefit-plus is criticised by Mr Sinclair. He believes all participants should receive a taxable wage – a rate for the job. A wage "provides the right, disciplinary framework for the long-term unemployed and takes tbem away from the benefit dependency culture," he says. "It gives them a sense of self-respect."

Concern has also heen expressed over the concentration on the nnder-25s. More than half of the 843,000 people who have been unemployed for more than six months are over 25.

The government does have plans for them. They are to be helped through the creation of so-called "employment zones". But these will not be set up until the first phase of the programme is completed. Mr Sinclair believes it would make more sense to include some adults in the scheme from the start.

Welfare to work is being presented as a new departure after 18 years of Conservative neglect. There were, though, a number of limited and cautious attempts during the 1980s to get the long-term jobless back into work, though none was particularly successful.

The Community programme provided mainly environmental jobs. But little evidence was found that it had "any significant impact on the flows out of unemployment for participants, nor on improving their chances of finding regular work afterwards", according to an evaluation by the Department of Employment.

The Workstart scheme of the 1960s provided a recruitment subsidy of £2,340 a year to employers who took on people unemployed for more tban two years. But evaluations found that nearly half the jobs subsidised would have heen created anyway; another third involved employers substituting long-term unemployed for other job-seekers.

Until now, job subsidies have made a only limited impact on the margins of tbe UK labour market. Under the new scheme, they will take centre-stage.

Critics argue that Labour's attempt to rely on such subsidies may be flawed. "These policies do not create many new jobs themselves," says Mr Peter Robinson st the Centre for Economic Performance at tbe London School of Economics. They merely "provide a higher sbare of tbe regular employment opportunities available to disadvantaged job-seekers".

This time round, thougb, resources will be more substantial and business involvement may well be greater. The government has set its sights high. If welfare to work fails, it will be judged barshly.

Some advice from Down Under

The phrase "welfare to work" is often associated with the US. But Labour, which has still to iron out many of the details of its ambitious programme, has also been studying Australia.

Though not an unmitigated success, Australia's Working Nation programme, introdnced in 1994 hy Mr Paul Keating, the former prime minister, has many admirers. After two years, they say, it was on target to halve unemployment to 5 per cent by the turn of the century.

The scheme gave job placements of between six and 12 months, mainly in the private sector, to those who had received unemployment benefit for more than 18 months. A youth-training initiative to help under 18-year-olds was also introdnced. And a national training wage paid subsidies to employers providing training for the young and long-term unemployed.

Mr Dan Finn, senior research fellow in social policy at Portsmouth University, has published an assessment of the scheme. Although a supporter of the programme, Mr Finn found Australian "employers were less than enthusiastic about taking on the very long-term unemployed" because they were worried about "the low skill levels, poor attitudes to work and low levels of motivation" found among many participants.

"Employers would prefer to recruit people who are job-ready," says Mr Finn. "Their relnctance to recruit the very long-term unemployed could not be overcome by simple wage subsidies or wage reductions."

In addition, pressure to remove the long-term jobless from ths benefit system led to "unsuitable job offers", says Mr Finn. There was also an over-preoccupation with "policing the benefit system" to weed out the long-term jobless. The pressure to take them out of unemployment led to "unsuitable job offers", says Mr Finn. This generated scepticism ahont the value of the scheme among companies and the jobless alike.

The Australian experiment underlined the importance, he says, of combining snbsidies with a targeted and permanent involvement by the employment service. The latter provided the long-term jobless with advice, training and support aimed at making them genuinely more employable.

Australia's new Liberal government last year abandoned the scheme as too expensive and interventionist. Mr Finn believes this was a grave error.

It had, he argues, helped "secure a substantial fall in long-term unemployment and had hegun to develop a more flexible and effective approach to case management and programme assistance".

OBSERVER

Banking on Dini

■ Now that Jacques de Larosière has decided after all to step down as president of the European Bank for Reconstruction and Development, Observer understands that last weekend's G7 – or was it G8? – summit in Denver stitched together a deal for Lamberto Dini, the Italian foreign minister, to take over.

There's no sign that the former Italian premier's been in a hurry to leave his present job, but he does know the London-based EBRD well, having served as a governor and chaired last year'a annual meeting in Sofia.

De Larosière's been keen to get home to France for some time, not least because his wife is not smitten with *la vie Anglaise*. The big question is whether he'll achieve his final ambition for the bank before he leaves – probably in January, though his term ends officially in September. He'a made a good job of clearing up the mess left by fellow-Frenchman Jacques Attali, its first president, but he's fed up with the way that the media can't seem to mention the EBRD without recalling its high-spending past.

So de Larosière is keen to shift the bank from its plush City premises to more functional – and less central – Canary Wharf, the large office development in London's old docklands.

External relations

■ Much whispering inside the European Commission over the abrupt removal of Sipke Brouwer as director handling relations with central and eastern European countries queueing up to join the EU.

The mystery is why Hans van den Broek, the EU commissioner in charge of enlargement, moved a fellow Dutchman who was once his chief of staff – and defended Van den Broek in his many turf battles with Sir Leon Brittan, the British trade commissioner, between 1992 and 1994. The puzzle deepens with the news that Brouwer's replacement is Catherine Day, a former deputy chief of staff to Sir Leon.

Insiders say Brouwer's removal stems from a high-level dispute over reforms to the EU's expensive Phare aid programme to central Europe. Brouwer, a renowned bureaucratic infighter, wanted minimal change. But François Lamoureux, the senior civil servant handling preparations for enlargement, and Henk Post, Van den Broek'a chief of staff, wanted a big overhaul.

After a tense stand-off, Van den Broek decided to shift Brouwer upstairs to the improbable post of counsellor to Günther Burghardt, director-general in charge of external political affairs. Improbable because Burghardt isn't known for taking advice from subordinates.

Hot property

■ Robert Campeau is back. Little has been heard of the French-Canadian property developer since his disastrous multi-billion-dollar shopping spree for Bloomingdale's and other jewels of US retailing in tha mid-1980s. It was widely assumed that a mansion in the Austrian Alps was about all he salvaged after his debt-encrusted empire plunged into bankruptcy in 1989.

But Campeau, now 72, surfaced this week at the helm of a DM800m ($465m) housing development on the outskirts of Berlin. A Campeau company, BerlBau, has a 49 per cent stake in the 1,800-unit project, with the rest held by German banks.

Campeau proved he hadn't lost his taste for a good party. The hundreds of guests – including the premier of Brandenburg – were treated to helicopter rides over the site, a *bratwurst* barbecue and a dance. Campeau told a Canadian reporter at the ceremony: "I've dealt with a lot of banks in my life and this is probably my best experience." Long may it last.

King Cod

■ Norwegian fish billionaire Kjell Inge Roekke had some big fish to fry at yesterday's extraordinary meeting of Storebrand, the country's largest insurance company. He's been vocal in his opposition to the deal cooked up by Norway's business establishment to merge insurer Storebrand with Christiania Bank.

It's not the first time Roekke has upset the establishment. He left school at 16 to join a trawler and made his millions building up a large Pacific fishing fleet sailing out of Seattle. Nothing wrong with that, even in egalitarian Norway. But his habit of buying yachts and islands – not to mention his new controlling stake in the English football club Wimbledon – stands out in a country where "conspicuous consumption" is frowned upon, even if the phrase was coined by Norwegian-born economist Thortsein Veblen.

To make matters worse, he last year took control of offshore engineering company Aker, a pillar of Norwegian industry. That deal met with tough opposition from none other than Storebrand chief executive Aake Korsvold.

The Financial Times

50 years ago

Truman Vetoes Wool Bill
Washington, 26th June. President Truman to-day vetoed the Wool Bill increasing U.S. taxes on wool imports. Within a few hours the Senate Agriculture Committee approved a straight price support measure, supporting domestic producers but without the tariff and import quota provisions of the vetoed version. In a message to Congress President Truman said the enactment of a law providing additional barriers to the importation of wool, at the very moment when the U.S. was taking a leading part in the United Nations trade conference at Geneva, would be a tragic mistake.

French Coal Dispute
Paris, 26th June. A settlement of the Frencb coal strike seemed imminent to-night following a conference between miners' representatives and M. Robert Lacoste, Minister of Industrial Production. After the meeting the leader of the miners' union stated: "We have accepted the satisfactory propositions which have been made to us, and if the Premier gives his agreement, work should begin to-morrow morning."

FINANCIAL TIMES
Friday June 27 1997

UK confident of partners joining handover boycott

EU calls on China to honour HK poll pledge

By Lionel Barber in Luxembourg

Britain and its European Union partners last night called on China to respect its promise to hold free elections in Hong Kong within 12 months of the handover of the colony next week.

The joint declaration, issued in Luxembourg, came as Britain stepped up pressure on wavering EU countries to join a boycott of the Chinese ceremony, swearing in the provisional legislature on July 1.

Mr Robin Cook, British foreign secretary, announced that the representatives of the European Commission and the European parliament would stay away from the ceremony, and expressed confidence that others would follow suit.

Mr Cook said "a number of countries" had an open mind on whether to join the UK and the US in a ministerial boycott.

Britain has identified Austria, Denmark, Ireland, Sweden and Germany as potential recruits. Mr Hans Van Mierlo, Dutch foreign minister, who chaired yesterday's meeting, outlined the compromise on the boycott question.

Van Mierlo: compromise

All 15 member states of the EU, including Britain, would be represented at the ceremony: but it was up to each to decide et what level. The Beijing-appointed provisional legislature will replace the present elected body immediately after the handover at midnight on June 30.

The British government and pro-democracy ectivists in Hong Kong say that disbanding the elected legisleture challenges China's commitment to human rights and violates the joint Sino-British declaration on Hong Kong.

Mr Hubert Vedrine, the new French foreign minister, said yesterday that France would attend the swearing-in ceremony. Portugal, which is anxious to preserve good relations with China because of its colony in Macao, indicated it would ettend. Spain said it could not allow its Iberian neighbour to be isolated.

Finland and Luxembourg also indicated that they were uncomfortabla in boycotting some, but not all parts of the celebrations. However, the EU presidency, which passes from the Netherlands to Luxembourg on July 1, will not be represented, according to Mr van Mierlo. At the Luxembourg meeting, Mr Cook was careful to avoid a formal request for a boycott for fear of precipitating a public split.

Instead, British diplomatic firepower focused on e joint declaration seeking to pnt pressure on China to respect its earlier pledge to hold free elections for a new legislature in Hong Kong.

Signals on HK, Page 8
Philip Stephens, Page 12

Top banks approve global forex settlements system

By George Graham in London

The world's largest banks have finally approved the creation of a global settlements system to handle the $2,400bn of payments that flow through the foreign exchange markets every day.

The Group of 20, a consortium of leading banks from Europe, North America and Japan, will next month set up CLS Services, a UK company, to develop a real-time system for settling foreign exchange transactions. Other participants in the foreign exchange market will be invited to become shareholders.

The G-20 plan is in response to a demand by central banks that the private sector find a solution, by March next year, to the problems posed by settlement risk in the foreign exchange markets.

The risk – often known as Herstatt risk after the Cologne private bank whose collapse in 1974 first drew attention to the problem – arises because payments in yen, D-Marks and dollars take place in different time zones.

The G-20 plan would solve the problem through a "continuous linked settlement" bank which would allow the two parts of each deal to be synchronised.

Mr Peter Batstansky, a spokesman for the New York Federal Reserve Bank, yesterday welcomed the G-20 move.

"We are encouraged by the initiatives announced today and believe they can be e constructive step in achieving our common goal of reducing foreign exchange eettlement risk," he said.

The G-20 confirmed it was in discussions with Exchange Clearing House (Echo) and Multinet International Bank, two competing "netting" companies. They help to cut the risks incurred in foreign exchange settlements by offsetting the gross amounts banks owe each other, leaving them to settle up with a much smaller net sum.

The group said it wanted to form "an integrated industry-owned venture for the reduction of settlement and pre-settlement risk in the foreign exchange market".

The leading banks are putting pressure on Echo, based in London, and New York-based Multinet to agree to merge their systems.

The banks' aim is to create a UK-based holding company which will control a netting system, probably based in London, and a settlements bank, probably based in New York, which would handle the netted payments.

Bonn Telekom sale within two years

Continued from Page 1

"parked" shares will not be sold on capital markets before 2000. The group's ability to raise capital itself on the stock exchange is also unaffected.

Dentscbe Telekom bad feared an earlier-than-planned sale on the stock exchange would upset shareholders and restrict its scope for fundraising. But Mr Sommer said the deal provided for the "long-term security" of shareholders' interests.

The deal was received positively by analysts who said fears about dilntion of private shareholders' interests had been dispelled. The shares ended only slightly lower at DM42.54, down 24 pfennigs.

Deutsche Telekom has also struck an interim deal on interconnection with Viag Interkom – a joint venture set up by Viag, the Munich-based conglomerate, and Britieh Telecommunications.

Peronists divided as Argentine minister resigns

By Ken Warn in Buenos Aires

Argentina's justice minister resigned yesterday amid political infighting and scandal in the ruling Peronist party ahead of mid-term elections in October.

Analysts said the infighting could raise concerns among investors about the government's stability.

The minister, Mr Elias Jassan, quit his job after admitting contacts with a controversial local businessman, Mr Alfredo Yabrán.

Mr Jassan had repeatedly denied such links but was forced to back down when newspapers revealed records of extensive telephone contacts between the two men.

Mr Yabrán is at the centre of a storm that has highlighted divisions within the ruling Peronist party. Mr Domingo Cavallo, the former economy minister, has repeatedly accused him of heading a politically well-connected "mafia" seeking to control Argentina's postal and courier services. Mr Yabrán has denied the accusations in national newspaper advertisements.

He has also been questioned twice recently by the judge investigating the murder in January of a photo-journalist.

Mr Carlos Menem, the president, and his ministers said Mr Yabrán had not been charged with anything. Until he was, he remained "just another businessman".

However, Mr Eduardo Duhalde, the governor of Buenos Aires province and the frontrunner to win the Peronist presidential nomination in 1999, has sought to distance himself from Mr Yabrán, openly advising him to "find himself a good lawyer".

In spite of his origins at the heart of the Peronist party machine, Mr Duhalde is seeking to forge an anti-corruption stance to differentiate himself from Mr Menem and his administration ahead of the 1999 presidential poll.

Peronist deputies in Congress have divided into pro-Menem and pro-Duhalde factions.

Mr Freddy Thomsen, chief economist at ING Barings in Buenos Aires, said: "The country's economic policies are not in doubt, but I think investors will be asking a few more qnestions than they were before. The latest events may start to have an impact on perceived country risk."

However, Mr Walter Molano, director of economic and financial research at SBC Warburg in New York, said there was little cause for investor concern. "Politics is definitely on the radar screen in an election year, but a lot of the noise can be discounted," he said.

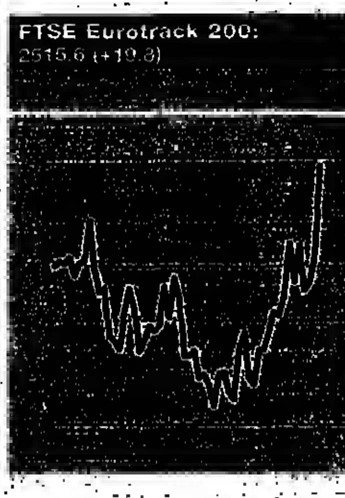
THE LEX COLUMN

Chemical attraction

With one bound, Rhône-Poulenc has transformed itself from a dull old chemicals producer to a vibrant life sciences company. That, at least, was the verdict of the stock market, which added FFr13bn ($2.23bn) to the French group's market value after its proposal to buy in the minority of Rhône-Poulenc Rorer, its separately quoted US drugs arm.

Bnt if this is AngloSaxon restructuring, along the lines of ICI/Zeneca or Monsanto, it comes with a predictably Gallic twist. For a start, there will be few cost savings. RPR's pharmaceuticals and Rhône-Poulenc's wholly-owned vaccines, animal health and agrochemical products will still be run separately. More seriously, Rhône-Poulenc is not following its own logic through: rather than fully demerging its chemical side, it intends to float a minority and retain control. In part, that can be explained by a need to raise cash. But it smacks of a management trying to hang on to its empire.

That would be a shame. Both parts of the group are still second-rate and need further strategic steps, which might be easier to achieve as separate companies. Chemicals could be advantageously merged with one of Europe's new speciality chemicals groups. And in life sciences, there is a juicy opportunity to rationalise the French drugs market by combining with Sanofi or Synthelabo, though the necessary job cuts would be politically difficult. Yesterday's proposals should be only a first step.



Fiat

Fiat is an unlikely convert to "economic valne added" (EVA), Stern Stewart's performance measure and management tool used by the likes of Coca-Cola and Unilever. The strategic emphasis of Italy's largest private group has long been on growth for its own sake. But EVA focuses on returns on invested capital, so Fiat comes out as a destroyer of shareholder value – except when government hand-outs shift the balance its way.

No doubt Fiat spotted that EVA and the shareholder value banner worked wonders for European companies like Daimler-Benz, but it is not just hot air. The group is educating 4,000 employees in EVA, and linking executive bonuses to "value creation". Its model is basic, using an unambitious equity risk premium and no fine-tuning to reflect country or business risk. But since Fiat achieved half its target 12 per cent pre-tax return last year, it is a positive goal. And the system will become more sophisticated in time.

Fiat should benefit from a focus on reducing capital employed and more vigorous attention to margins – although the consumer may take efficiency gains in cars and components. But the management needs to go further, pruning poor performers or running them for cash. The newspaper La Stampa and the civil engineering division should undoubtedly go. And Fiat should quit areas where it cannot build global businesses, from railways to aviation. But sadly, a fondness for trophy businesses may discourage the grasping of such nettles.

Windfall tax

The point of a windfall tax, you might think, is to tax a windfall. But if that was the theoretical aim of Britain's planned utility tax, it appears to have been unceremoniously ditched. A windfall, if it means anything, is surely a super-normal gain for shareholders – something relatively easily targeted by focusing the tax on total shareholder returns, preferably compared with the market and calculated up to a recent date. That would not make the windfall tax fair. But it would at least have the crude merit of focusing the tax on those who have gained most.

The government's apparent decision to abandon such logic in favour of a more basic measure such as a utility's regulated profits in a particular year can only emphasise the embarrassingly arbitrary nature of the project. But it would also have important implications for individual stocks. Certainly it would be bad for British Telecommunications and the successor companies of British Gas, which could conceivably have escaped e total return tax altogether. And given these giants' size, bad news for them has to be good news for the rest. BAA looks a particular likely beneficiary. So do buyers of Britain's regional electricity companies – a total return tax would probably have been calculated on the frothy prices at which the recs were taken out. Meanwhile there is an intriguing case in British Energy, which will be laughing if the tax is calculated on accounting profits. It hardly makes any.

Asda

Asda must worry that its "permanently low prices" slogan has stuck to its shares. It has produced another year of higher like-for-like growth than its peers, and its shift into higher-margin retail segments like clothing is paying off. It has also successfully disproved the zero sum game theory of food retailing – namely, that if the other big three are faring well, Asda must be a loser. And yet Asda's shares are still down where they were at the start of 1997, sitting at a discount to e lowly-rated sector.

Nonetheless, caution is understandable. Asda has shied away from diluting management attention by following the UK supermarket trail into financial services, home shopping and Ireland. And its strategy of differentiation by exploiting its greater store size in selling clothes and books looks sound. But if it was so confident in the longer-term outlook, why did it want to buy the Welcome Break motorway service business? Exploiting its knowledge of petrol and customer service is not a compelling reason.

Perhaps the answer is that Asda has an awful lot hanging on what is the most ambitious capital expenditure programme among the UK's food retailers. It claims this will deliver a 16 per cent internal rate of return. But in an environment of flat operating margins and rising prices for development sites, that looks a tough order. And if the management has looked at spreading risks by investing elsewhere, it cannot entirely blame shareholders for doing the same.

Additional Lex note on GUS, Page 21

FT WEATHER GUIDE

Europe today

Western Europe will continue to be cool and unsettled. Low pressure in the Channel area will produce cloud, rain or showers across the Benelux, France, Germany and the alpine countries.

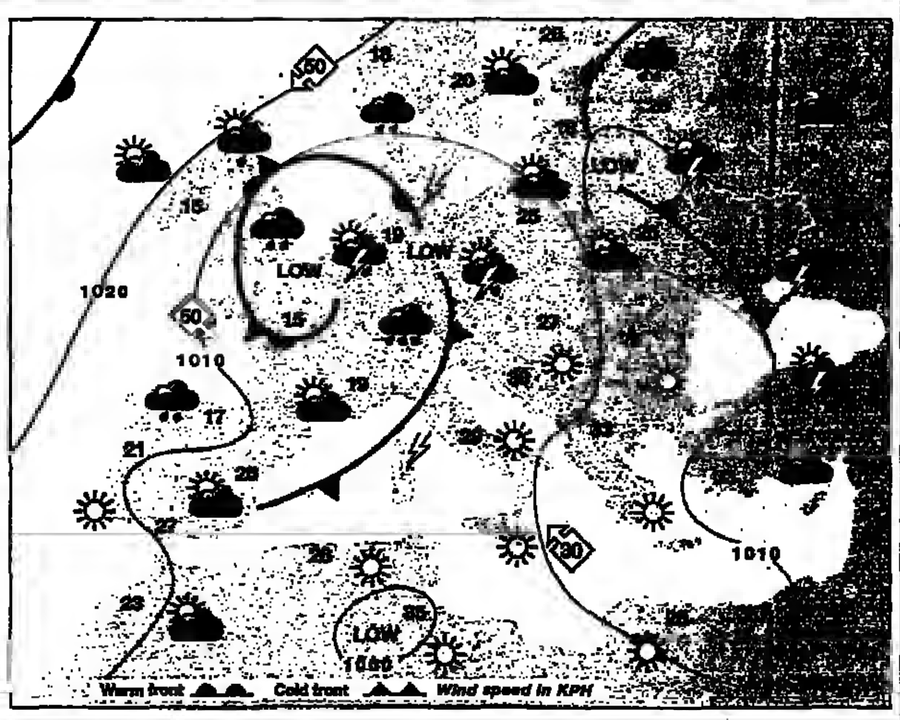
England and Scotland will have rain or showers. Ireland will be mainly dry. Dry conditions are also expected in the southern and eastern parts of Europe.

Poland, Hungary and Romania will have scattered cloud.

The Balkans, southern Italy, Greece and the southern part of the Iberian peninsula will have plenty of sunshine. Eastern Europe will be warm with temperatures exceeding 30C in the south-eastern parts.

Five-day forecast

Changeable conditions will continue in the UK and the western parts of Europe with plenty of cloud and showers. Southern and eastern Europe will have plenty of sunshine. The North Sea countries will be cool, but south-east Europe will have unseasonably warm air.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum	Beijing	sun 35	Caracas	thund 32	Faro	sun 26	Madrid	fair 23	Rangoon	shower 29
	Celsius	Belfast	cloudy 16	Cardiff	cloudy 15	Frankfurt	thund 18	Majorca	shower 23	Reykjavik	drzzl 14
Abu Dhabi	sun 38	Belgrade	sun 29	Casablanca	fair 23	Geneva	rain 18	Malta	sun 29	Rio	sun 30
Accra	fair 29	Berlin	thund 23	Chicago	sun 31	Gibraltar	fair 25	Manchester	rain 18	Rome	fair 28
Algiers	sun 25	Bermuda	cloudy 29	Cologne	shower 18	Glasgow	cloudy 17	Manila	thund 35	S. Frsco	sun 22
Amsterdam	shower 18	Bogota	thund 18	Dakar	fair 29	Hamburg	shower 19	Melbourne	fair 14	Seoul	rain 25
Athens	sun 30	Bombay	shower 32	Dallas	fair 34	Helsinki	cloudy 21	Mexico City	shower 25	Singapore	fair 32
Atlanta	thund 33	Brussels	shower 17	Delhi	fair 37	Hong Kong	thund 30	Miami	thund 32	Stockholm	fair 20
B. Aires	fair 8	Budapest	fair 28	Dubai	sun 40	Honolulu	fair 31	Milan	thund 17	Strasbourg	rain 18
B.ham	rain 15	C.hagen	rain 20	Dublin	cloudy 14	Istanbul	fair 26	Montreal	fair 28	Sydney	thund 15
Bangkok	thund 36	Cairo	sun 31	Dubrovnik	sun 27	Jakarta	fair 32	Moscow	cloudy 28	Tangier	fair 23
Barcelona	fair 22	Cape Town	rain 18	Edinburgh	shower 15	Jersey	shower 12	Munich	thund 19	Tel Aviv	sun 27
						Karachi	cloudy 36	Nairobi	fair 25	Tokyo	rain 27
						Kuwait	sun 47	Naples	sun 29	Toronto	fair 29
						L. Angeles	sun 26	Nassau	fair 32	Vancouver	shower 18
						Las Palmas	fair 26	New York	sun 31	Venice	shower 22
						Lima	fair 25	Nice	fair 23	Vienna	thund 27
						Lisbon	sun 20	Nicosia	sun 29	Warsaw	cloudy 24
						London	rain 18	Oslo	cloudy 20	Washington	sun 32
						Lux.bourg	shower 18	Paris	rain 18	Wellington	fair 12
						Lyon	shower 17	Perth	sun 23	Winnipeg	fair 26
						Madeira	fair 23	Prague	thund 24	Zurich	rain 15

FINANCIAL TIMES
COMPANIES & MARKETS
©THE FINANCIAL TIMES LIMITED 1997 Friday June 27 1997 Week 26

IN BRIEF

Tobacco fuels Richemont rise

Richemont, the Swiss-based conglomerate, increased its pre-tax profits by 15 per cent to £914.8m ($1.52bn) in the year to March 1997. Strong growth in its Rothmans tobacco business offset a sluggish performance by its Vendôme luxury goods operation and a near doubling in the losses of its media operations. Page 16

Sommer in legal move against rival
Sommer Allibert, the French plastics group, is to take legal action against Armstrong World Industries, the US manufacturing concern, in the latest twist in the battle over Domco, Sommer's *Canadian flooring division*. Page 20

Lufthansa expects record profits
Lufthansa, the German airline, expects record profits this year after it continued strong growth momentum in the second quarter, the group's annual meeting was told. Page 20

Weak rupee lifts Indian hoteliers
The weakening rupee helped India's leading hotel groups grow in the year to March. EIH, India's second-largest hotel and airport catering group, saw sales rise by 11.36 per cent to Rs4.41bn ($123m), while Indian Hotels, the owner of the Taj chain, reported a 12 per cent rise in revenues. Page 16

Asia Times halts publication
Asia Times, the regional English language daily newspaper run by Mr Sondhi Limthongkul, the Thai media mogul, said it was suspending publication only 18 months after it was launched. He hopes to relaunch the paper soon. Page 16

San Miguel seeks to list property arm
San Miguel, the Philippine food and beverage group, announced it would seek a back-door listing on the Manila stock market for its property subsidiary in a merger which will create a 16.4bn peso ($623m) company. Page 16

Companies in this issue

Market Statistics http//www.FT.com

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
BMW	1427	+	18
Beiersdorf	96.30	+	3.30
DLW	207	+	8
Volkswagen	1277	+	27
Falls			
Degussa	92.30	−	2.20
Porsche	2098	−	40
NEW YORK ($)			
Rises			
IMO Inds	5⅝	+	2⅞
Rhone-Poulenc	90¼	+	11
Shanghai Petro	24⅝	+	1⅜
Falls			
Hambrecht Ost	32⅝	−	2⅝
Nu Skin Asia	24½	−	2⅞
Russell Cp	27¼	−	3⅝
LONDON (Pence)			
Rises			
Atkins WS	300½	+	28
Severn Trent	752½	+	34
Falls			
BSkyB	455½	−	15½
Graystone	47½	−	11
Hamlet Grp	39½	−	32
Honeysuckle	14	−	5½
TORONTO (C$)			
Rises			
Beacon Eye	4.75	+	0.56
Comstate Res	2.70	+	0.25
First Dynasty	1.50	+	0.30
Falls			
BRL Entr	4.25	−	0.50
Colony Pac	1.00	−	0.50
Metafore	9.00	−	0.70

PARIS (FFr)			
Rises			
Carrefour	4412	+	98
Credit Nat.	332	+	22.20
Imetal	821	+	23
Falls			
CGIP	1685	−	36
Damart	4405	−	110
Sagem	2971	−	79
TOKYO (Yen)			
Rises			
Asahi Bank	1020	+	65
Chiba Bank	691	+	32
Tokyo Land	498	+	18
Falls			
Denny's Japan	3310	−	140
National Hse	1500	−	60
Toto	1440	−	40
HONG KONG (HK$)			
Rises			
Amoy Props	8.60	+	0.30
Cathay Pac	15.85	+	0.80
First Pacific	9.80	+	0.15
Hopewell	4.75	+	0.47
Falls			
Henderson Inv	8.70	−	0.10
Sino Land	8.35	−	0.10
BANGKOK (Baht)			
Rises			
Grammy	290.00	+	26.00
Siam City	95.50	+	8.50
Thai Reinsure	86.00	+	6.00
Falls			
B. Grimm Eng	20.25	−	2.25
Rockworth Pub	59.50	−	6.50
Thai O.P.P.	18.00	−	2.00

New York & Toronto prices at 12.30

Six managers leave NatWest

Staff go after £77m derivatives debacle

By John Gapper in London

National Westminster, the UK high-street bank, yesterday announced the departure of six managers who failed to prevent a £77m ($127m) loss caused by mispricing of derivatives in its investment banking arm.

NatWest said it had briefed the Serious Fraud Office on the findings of an investigation by Coopers & Lybrand, the accountancy firm, and Linklaters & Paines, the law firm, into the incident involving Mr Kyriacos Papouis, a former trader.

The Securities and Futures Authority, the City of London regulator, is likely to launch an inquiry into the conduct of staff at NatWest Markets, the UK bank's investment banking arm, where the losses were allowed to build up. The SFO, which investigates complex frauds and deceptions, said it was considering whether to investigate. The inquiry report has been sent to the SFA and the Bank of England, NatWest's supervisor.

The incident, which has already sparked the resignation of Mr Martin Owen, chief executive of NatWest Markets, became public in March.

NatWest said Mr Papouis, who left in December 1996 after four years as an interest rate options trader, "covered up losses and created false profits over a period of two years".

Mr Papouis declined to comment on the allegation.

He is said to have used false volatility estimates to show profits on lossmaking options and swaptions – options allowing the holder to fix floating interest rates. The bank said it had discovered mispricing in the sterling options book controlled by Mr Neil Dodgson, former global head of interest rate options and Mr Papouis's manager. He had "failed in his duty to supervise" Mr Papouis and had resigned.

Mr Dodgson had denied involvement in mispricing, and NatWest was not making any allegations against him.

Other managers who resigned – after suspension – are Mr Philip Wise, former head of debt capital markets, Mr Jean-Francois Nguyen, global head of swaps and derivatives, and Mr Ian Gaskell, head of swaps and options trading.

Mr Christophe Lanson, head of rate risk management, is to leave, but is "not considered to have been responsible". Mr Andrew Grout, a manager in charge of monitoring trading positions, has also resigned.

The bank said it had made improvements to its controls and appointed managers within its bond swaps and options arm. It would "continue to upgrade the systems and control infrastructure" in investment banking.

Prospects fade for £3bn merger with black-controlled SA mining house

Lonrho moves to step up pace of disposals

Ross Tieman in London and Mark Ashurst in Johannesburg

Lonrho, the conglomerate, plans to step up the pace of disposals as prospects fade for a £3bn ($4.9bn) merger with JCI, South Africa's first black-controlled mining house. Advisers are now concentrating on streamlining the group ahead of the planned demerger of its African trading activities in the first quarter of next year.

The prospect of the demerger, designed to make Lonrho a focused mining house, drew the attention of Mr Mzi Khumalo, the JCI chairman, who proposed a merger to win scale economies in the two groups' coal and precious-metal operations.

It now appears that both Mr Khumalo and Lonrho directors, led by Sir John Craven, chairman, and Mr Nicholas Morrell, chief executive, are preparing to break off talks.

As part of the reshaping, Mr Morrell is planning to raise up to £60m through the sale of Lonrho's 70 per cent holding in Hondo Oil & Gas, a US-based exploration and production company, after new gas wells in Colombia come into production this autumn.

Quoted in the US, Hondo was set up jointly with Mr Robert Anderson, the former chairman of Atlantic Richfield, on his retirement in 1985. Mr Anderson and his family still own around 8 per cent.

Hondo owns a former refinery site and some commercial property in California, but its main asset is a stake in the Amoco-managed Opon 3 and 4 gas wells in the Magdalena Valley of Colombia.

Lonrho is also in discussions with the government of Zimbabwe, which is pressing the company to allow local investors to acquire a "significant" stake in Lonrho's gold-mining and ranching operations there. These are controlled through Willoughby's Consolidated, and Independence Mining of Zimbabwe, a wholly owned Lonrho subsidiary.

In addition to half a million acres in Zimbabwe and 30,000 head of cattle, Willoughby's owns Corsyn Consolidated Mines. In total, Lonrho's Zimbabwe mines last year produced 173,000oz of gold. But after a slide in the gold price, they only broke even during the six months to March 31. Independence is valued in Lonrho's books at some £8m; Willoughby's is capitalised at almost £11m.

Earlier this week, the company sold its 82.48 per cent interest in Lonrho Continental, a property development and distribution company active in Belgium and the Congo for around £20m.

Nicholas Morrell, Lonrho chief executive, is preparing to break off talks with JCI Picture: Colin Beere

CGIP set to decide over Cap Gemini holding

By Andrew Jack in Paris and Graham Bowley in Frankfurt

CGIP, the French holding company, will decide before the end of next month whether to add to its 20 per cent stake in Cap Gemini, the French computer consultancy.

The company has first refusal on a 24 per cent stake owned by Daimler-Benz, the German motor and industrial group, which said on Wednesday that it intends to sell.

Mr Serge Kampf, chairman of Cap Gemini, said he would be delighted to see CGIP increase its stake.

Mr Geoff Unwin, one of Cap Gemini's directors, said he would be "quite happy" for CGIP to acquire the 24 per cent holding, which could be achieved in co-operation with other investors. If CGIP's stake rises above 33 per cent it will be forced to make a full bid for the company.

He added that he would welcome a single large investor and would prefer "an open shareholding structure with a very wide [investor] base and no-one dominant".

Apart from CGIP, a group of directors led by Mr Kampf, the group's founder, holds a further 17 per cent.

Meanwhile, Daimler-Benz said it will use the proceeds from the deal – which could amount to as much as DM1.5bn ($870m) – to expand its international information technology business.

Daimler intends to increase revenues from overseas IT to 33 per cent of total IT revenues by the year 2000, compared to current level of 12 per cent.

Debis, Daimler's financial services and mobile telecommunications division which is selling the Cap Gemini stake, said the move would leave its own IT division to compete freely with the French group.

At present, there is an agreement to limit competition between the two in markets such as France and the UK.

As part of a shareholder agreement which was signed at the start of last year, Daimler-Benz's decision triggers the sale by Cap Gemini of its 20 per cent stake in the consultancy Debis Systemhaus to Debis, for an estimated FFr1bn-1.5bn ($171m-$256m).

Reliance makes pact with Chinese insurance giant

By John Authers in New York

Mr Saul Steinberg, best known as a US "corporate raider" of the 1980s, has turned his attention to the Chinese insurance market.

The Reliance Group, the US general insurer which he chairs, yesterday agreed to underwrite insurance for Huatai Property Insurance, a large Chinese insurer jointly owned by 63 Chinese industrial companies.

Reliance – in which the Steinberg family owns a sizeable stake – will immediately provide personnel training and technical assistance, and is likely to acquire an equity stake in the Chinese company.

Mr Steinberg also hopes to use the agreement to introduce mass marketing techniques to China, particularly by selling personal insurance to employees of the companies which own Huatai. He said these numbered around 30m people.

With margins under pressure in the domestic US property and casualty insurance market, as a result of overcapacity and intense competition, many US insurers are attempting to expand overseas in order to grow. Several companies have focused on emerging markets, on the assumption insurance markets will typically develop only after the first wave of infrastructure investment has been completed. "They have built their infrastructure. Now people want to insure what they have built," said Mr Steinberg.

Huatai was formed last year by the 63 companies. They are predominantly from the petrochemical industry. Huatai has a licence to provide insurance throughout China. Uniquely for a private company, according to Reliance, it is not limited to one province.

Initially, the agreement between the two companies will focus on commercial insurance, particularly for infrastructure, the power industry, shipping, and rail networks. Reliance will also provide capital, in the form of reinsurance, and the company intends to insure satellite launches under the agreement.

Mr Steinberg predicted that China would soon become "one of the largest insurance markets in the world".

US cruise lines in bid battle

By Richard Tomkins in New York

A bid battle broke out in the cruise line industry yesterday when the Miami-based Carnival Corp, the world's largest operator, launched a $525m bid for Celebrity Cruise Lines. The offer beat last week's $500m agreed bid by Royal Caribbean International.

Carnival has contacted Celebrity's two shareholders, Chandris and Overseas Shipholding, offering to pay the $525m in cash or a combination of cash and stock. It might pay more if it can "identify additional value" in Celebrity.

The company believes there is a "very strong strategic fit" for Celebrity within the Carnival group of cruise lines, and intends to maintain Celebrity as a separate brand under its present management.

Carnival Corp, a quoted company controlled by the founding Arison family, owns Carnival Cruise Lines, one of the first operators to popularise cruising. It also owns several other cruise lines and a 29.5 per cent stake in Airtours, the UK package holiday company.

Carnival's bid for Celebrity comes after its $275m acquisition of Costa Crociere, the indebted Italian parent of Costa Cruise Lines, a big Mediterranean operator.

It bought the company in a 50-50 joint venture with Airtours in a deal completed two weeks ago. Celebrity, based in Fort Lauderdale, is owned 51 per cent by Chandris, a Greek shipping company with headquarters in London, and 49 per cent by Overseas Shipholding, one of the world's biggest bulk shipping companies.

Though a well-regarded operator with an upmarket image, it has only four ships, with another expected to be delivered in October, and has been suffering badly from competition. Last week it gave its small size as a reason for its decision to accept Royal Caribbean's cash-and-stock offer.

The Miami-based Royal Caribbean, with 11 ships, is a distant second in the world cruise-line industry to Carnival, with 38 ships and had hoped to close the gap with its acquisition of Celebrity.

Shares in Royal Caribbean tumbled $2, or 5 per cent, to $34⅞ in early trading, while shares in Carnival fell $1/16 to $42¼.

San Miguel seeks to list property arm

By Justin Marozzi in Manila

San Miguel, the Philippine food and beverage group, yesterday announced it would seek a back-door listing on the Manila stock market for its property subsidiary in a merger which will create a 16.4bn peso ($623m) company.

The group will merge San Miguel Properties with Monterey Farms, its listed but rarely traded meat subsidiary which will spin off all its interests and assets into a separate company.

The merger, which is expected to take up to four months, will add another listed property group to a stock market which is already heavily geared towards the sector.

The new property company will bave assets of 16.4hn pesos – of which 15.2bn pesos comes from San Miguel Properties. It will redevelop the San Miguel headquarters in Ortigas, Manila's second-line business district, into a multi-use complex containing office and residential towers, a hotel and entertainment facilities.

The back-door listing avoids an initial public offering which in the present Manila property climate would be out of favour with investors.

Analysts were divided yesterday on the merits of the announcement. One questioned its timing and said although the subsidiary had some sttractive properties, it was unclear whether a food and baverage giant could become a successful property developer.

"This is a good move in the short term because it will raise cash, and property is also the fastest-growing division in the group," said one analyst.

Last year, San Miguel Properties contrihuted 881m pesos, or 17 per cent, to the group's bottom line, a rise of 110 per cent. San Miguel's B shares closed ahead 1.5 pesos yesterday at 73.5 pesos.

News of the merger and back-door listing comes at a difficult time for Manila's property market.

"I think the pre-sales market, on which most developers depend, Is tough and extremely slow and they're deluding themselves if they haven't seen that," says Mr Marc Townsend, Philippine representativa of Richard Ellis, the property consultant.

On Wednesday, no bidders turned up for the privatisation of Food Terminal, a 120ha agro-industrial complex in Manila, which had been billed as the Philippines' largest privatisation of the year.

Analysts blamed the failure largely on the deal's unfavourable terms – such as tenants' long leases and opposition from a leading politician – rather than on weakness of the property market itself.

Shares in Metro Pacific, the Philippine property arm of Hong Kong-based First Pacific, have fallen 15 per cent since last week following the group's purchase of a 16 per cent staka in Fort Bonifacio Land (FBL), the company involved in tha largest property development in Manila.

The deal sent analysts scurrying to their spreadeheets to determine the implications for the value of Fort Bonifacio.

But, according to Mr Seumas Gallacher, executive director of Metro Pacific, now tha majority shareholder in FBL, the purchase should he regarded as a share transaction and not a land purchase.

"We are still ecstatic about the deal," he says. "We got a controlling interest in the company involved in the best land development project in the Philippines. Wa think it was a win-win deal. Property prices, meanwhile, hava not come down anywhere which is very healthy."

Mr Townsend said: "I'd be hesitant to call an end to the market but coupled with the Fort Bonifacio sale, it does seem to look less attractive."

German banks feel the pull of Asia

The big groups plan to double the profits that come from the Asia-Pacific region

Germany's banks have heard the call of Asla and the Pacific and are scrambling to respond.

Like much of German industry, they want to become far more active in a region with aome of the world's fastest growing economies, high savings rates, expanding intra-regional trade and a huge programme of infrastructure projects.

A much higher proportion of their total profits needs to come from Asia if they are to become truly global. In the case of Dresdner Bank, says Mr Gerd Häusler, a director, "I hope around 20 per cent of our total revenues will come from this region in future, but I can't say how far down the road this will be."

Asia-Pacific accounts for around a fifth of its non-German business exposure compared with 55 per cent in western Europe (outside Germany) and 20 per cent in north and south America.

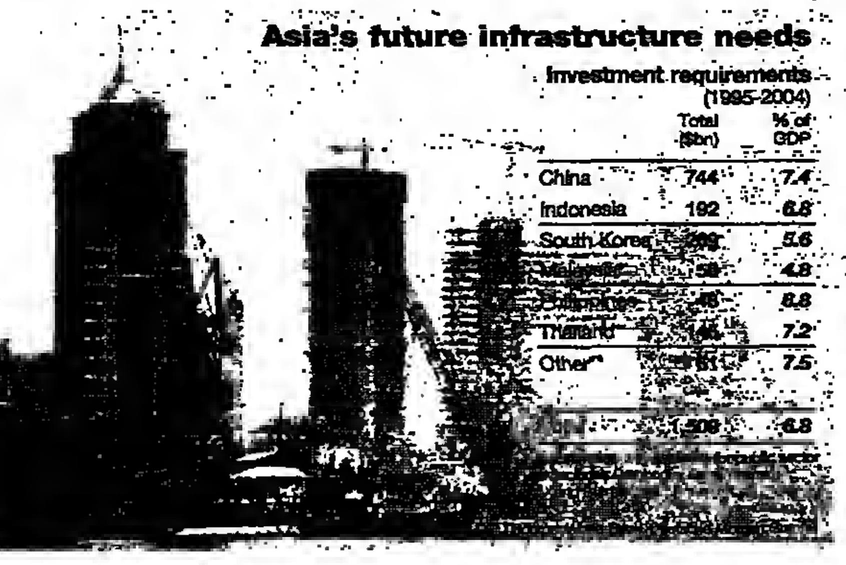
Its bigger rival, Deutsche Bank, already has a presence to match such global bankers as Citihank of the US and Hong Kong and Shanghai Banking Corporation, as well as big investment banks sucb as J. P. Morgan and Goldman Sachs. ABN Amro and ING Barings of the Netherlands are other formidable competitors.

Mr Josef Ackermann, a Deutscbe Bank director, hopes this immense effort – making the bank one of the biggest German investors in the Asia-Pacific region – will translate into a 20 per cent share of total profits coming from the region. At present, it is below 10 per cent – similar to Dresdner.

He hopes this will happen within three years. Deutsche is represented in 18 Asia-Pacific countries and recently paid A$240m (US$180m) for Axiom, tbe Australian fund management business.

Traditionally, says Mr Ackermann, Deutsche Bank operated mainly as a commercial bank in the region. "Now, we are huilding up the private banking and investment hanking sides."

It is important, he adds, to offer an integrated service hy bringing together the various elements of its business. "The Idea is to offer an advisory service and a commercial banking product solution which leads to a capital market transaction, which is maybe hedged with derivatives, and then to provide an asset management service to manage these funds."



While all of Germany's big banks have been represented in Asia for many years, especially in Japan, they have only recently accelerated their efforts.

Commerzhank bas long been active in the region, with its operations centred on Singapore.

It was in typical syndicated loans husiness 10 years ago, says Mr Klaus Patig, a director. Today, it concentrates more closely on private banking and asset managament, as well as corporate treasury and fixed income.

Singapore ranks with Frankfurt, London and New York in Commerzhank's global fixed income strategy, he says. This means being active in local business as well as selling European bonds and other fixed interest securities to Asian clients.

As with the other banks, Commerzbank is keen to be involved in infrastructure projects. This means arranging funds, as well as offering investment banking advice.

"There is a huge need for infrastructural measures," says Dresdner'e Mr Häusler. "This is where we see opportunities for our structured finance and project finance activities."

This focus reflects the bank'a desire to withdraw from low-margin business and concentrate on more profitabla sectors. "We intend to earn monay in modern investment banking, which includes project financing on a global basis."

For Dresdner that means pushing further into China. It is opening a Beijing hranch in July - hut also paying increased attention to India, whose latent potential has long attracted Deutsche.

There is still a question mark over India, however. "India has shown its intention of deregulating. Tha question is whether it will follow through," says Mr Häusler.

As for Hong Kong, "We're very positive." Mr Häusler believes China will want to keep Hong Kong as its door to the outside world. "The Chinese say Hong Kong will be the financial centre for foreign husiness, with Shanghai heing more a domestic financial centre."

Since Dresdner is in both places, it can take a halanced view.

Andrew Fisher

Sondhi halts operations of daily newspaper

By Ted Bardacke in Bangkok

Asia Times, the regional English-language daily newspaper run by Thai media mogul Mr Sondhi Limthongkul, said it was suspending publication only 18 months after it was launched.

Manager Media International (MMI), Mr Sondhi's puhlishing arm, said it would relaunch the publication in 60 to 90 days. Mr Sondhi said the relaunch would occur "with a new and solid financial plan and outside investment in place".

The temporary shntdown of Asia Times, which claimed a circulation 45,000 but had almost no paid advertising, is a blow to Mr Sondhi'a plans to hecome Asia'a biggest media tycoon. Asia Times had given Mr Sondhi a worldwide profile as ha attempted to rsise funding in the US for an Asia-wide satellite television and internet network, Asia Broadcasting Communications Network (ABCN), expected to cost nearly $1hn.

Although Mr Sondhi owns profitable operations in telecommunications and Thai-language and trade publications, some of his businesses have heen suffering heavy losses. Monthly magazine Manager was also shut yesterday and Mr Sondhi recently abandoned plans to turn his Hong Kong-based monthly Asia Inc into a weekly.

Mr Gary Knell, president of MMI, said earlier this week that the company "was losing millions. We are facing liquidity issues every week."

Between 70 and 80 people were sacked from Asia Times yesterday, a spokeswoman said, although a core group of 10-20 were being invited to stay on to prepare for the relaunch.

The relaunched Asla Times is expected to concentrate more on regional news and move away from business news.

MMI executives said that although new investors were not necessary for the relaunch, the company was "seeking outsida investors for all publications". Earlier this month the company aigned an agreement with Dutch media giant VNU to publish Asian Advertising & Marketing, a trade publication.

MMI itself is undergoing a restructuring to pare losses that Mr Knell described as being a result of "a disorganised management approach that is not unique in a boom economy".

Mr Sondhi's liquidity situation had recently improved when he sold 30 per cent of his newly created Thai mobile phone network, Wireless Communications Service, to Korea Telecom for $150m. But Mr Knell said the publishing side needed to turn a profit on its own because "we can't just keep on selling assets to fund liquidity needs".

Wheelock posts profits up 3% at HK$2.5bn

By Louise Lucas in Hong Kong

Wheelock, the Hong Kong property conglomerate, yesterday reported little growth in net profits despite a HK$470.9m (US$60.8m) profit after National Westminster Bank of the UK bought out Wheelock's sbare of their Hong Kong investment banking joint venture.

NatWest ended the joint venture, which bad absorbed an investment of US$125m from the two shareholders, last November after just two years in partnership. The UK bank said tighter regulation made joint ventures harder to operate.

Results were hroadly in line with expectations. For the year to March 31 1997, Wheelock reported s 3 per cent rise in net profits to HK$2.53bn. Exceptional items totalled HK$915.5m last year, against HK$167.1m the previous year.

Wheelock derives most of its profits from The Wharf (Holdings), its principal associate. As big property projects developed by the two companies come on line later this year, profits are expected to rise more sharply.

HSBC James Capel is looking for profits of around HK$3.2bn this year, assuming two blocks of the Diamond Hill development are booked. Based in urban Kowloon, the densely populated peninsula part of Hong Kong, this retail and residential complex will be sold off this year and next.

Wheelock has an attributable interest of around 70 per cent in the development. It said thst the shopping mall, which is virtually fully leased, is attracting heavy customer traffic and that future sales of the residential blocks are expected to yield "substantial profit".

Mr Gonzaga Li, chairman, said Wharf had a portfolio of investment and development property of about 20m sq ft in Hong Kong, and more than 10m sq ft in China, which would lead the group's development through the next decade.

Earnings per share rose 2.9 per cent, from HK$1.22 to HK$1.255, and the directors are proposing a final dividend of 32 cents, up 8.5 per cent on the previous year's 29.5 cents.

Sony to make US notebook PCs

By Michiyo Nakamoto in Tokyo

Sony plans to manufacture nntebook personal computers in the US, furthering its strategy to participate in the PC market.

The Japanese consumer electronics maker will continue to procure its desktop PCs from Intel, tha leading semiconductor maker, hut will also begin making notebooks PCs at its San Diego plant within the year.

The company, whicb declined to disclose production targets or sales figures for its PCs, re-entered the PC market last June with tbe lanoch of high-end home-use computers in the US. It will start selling its PCs in Japan next month.

Sony differentiates its products from mass-selling computers by making its PCs resemble consumer electronics products. The company, which bas a good record of breaking into new markets with its marketing prowess, attracted considerable attention when it announced its intention to re-enter the PC market.

Mr Masashi Kuhota, industry analyst at ING Barings in Tokyo, said that for Sony to be a player in the multimedia market, it was essential to have experience of the computer market.

Weaker rupee helps Indian hotels

By Kunal Bose in Calcutta

India's leading hotel groups reported modest to strong growth in the year to March as the weakening rupee against most leading currencies helped lift profits.

EIH, India's second largest botel and airport catering group, saw sales rise 11.36 per cent to Rs4.41bn ($123m). It recorded a high level of room occupancy in a fiercely competitive market. Profits rose 7.6 per cent to Rs1.7bn, belped by lower interest costs and higher other income. Net profits climbed 15 per cent from Rs1.2bn to Rs1.38bn.

Earnings per share, however, fell to Rs35.29 from Rs35.55, because of the rise in capital following a bonus issue. The company is raising the annual dividend to Rs5 from Rs4.50.

Mr PRS Oberoi, vice-chairman, said the group was building three luxury resorts in Mauritius, Bali and Hurghada on the Red Sea coast in Egypt.

Indian Hotels, the owner of the Taj chain and part of the Tata group, reported a 12 per cent rise in revenues to Rs6.13bn in spite of a fall in room occupancy to 64 per cent from 71 per cent previously. Profits were Rs2.53bn, compared with Rs2.41bn in the previous year. Net profits rose 4.25 per cent to Rs1.47bn.

Earnings per share rose to Rs32.55 from Rs31.15 and the company is to pay a dividend of Rs8.50, compared with Rs7.50. The company is expecting better results in the current year.

ITC Hotels, a subsidiary of ITC which is 33 per cent owned by BAT, saw net profits rise 14.8 per cent to Rs310m after revenues rose 5.65 per cent to Rs1.31bn.

Earnings per share advanced to Rs10.28 from Rs8.78. The company is raising the dividend to Rs3 from Rs2.75.

Lower tax bill helps Lehman to 12% rise

By Richard Waters in New York

Lehman Brothers beat expectations with a 12 per cent rise in after-tax profits during the second quarter. However, the US investment bank's results were flattered by a lower-than-normal tax charge.

Like Morgan Stanley and Goldman Sachs, whose most recent financial quarters also ended in May, Lehman's earnings reflected the spring slowdown that descended on Wall Street after a strong start to the year.

Mr Richard Fuld, chairman, said thet March and April had brought "an extremely difficult trading and underwriting environment", and that the gains in both revenues and earnings from a year before reflected success in "positioning the institution so that it can perform well even in ... volatile market conditions".

Results from the three investment banks showed that, while business had been humpy this year, Wall Street continued to enjoy oear-record profits.

Lehman reported net income of $121m, or 95 cents a sbare, on revenues that were 3 per cent higher at $854m.

According to analysts, Wall Street had been expecting earnings of 82 cents a share.

In the first three months of its financial year, when the underwriting business was strong and share prices were aurging, the bank had earned $144m on revenues of $925m.

Lehman's results were hoosted by a reduction in its effective tax rate to 30 per cent: pre-tax earnings rose only 2 per cent from a year before to $172m.

The figures, released yesterday, indicate that Lehman remains a business in transition as Mr Fuld and his management team try to pare costs while still expanding their work as advisers on mergers and acquisitions. At 12.8 per cent, its return on equity in the most recent period remains below that of rivals such as Morgan Stanley, wbo on Wednesday reported a return on equity of 18.3 per cent.

Revenues from trading and other principal transactions, the bank's biggest source of income, fell 18 per cent from a year before to $326m. Investment banking revenues, climbed 23 per cent to $274m.

Staff costs, the biggest expense faced by the bank, rose 3 per cent to $433m, maintaining tbeir level at just over half of the bank's revennes.

Microsoft plans internet billing joint venture

By Nicholas Denton

Microsoft, the US software group, plunged into yet another section of the internet market yesterday when it announced a new project to enable bousebold and other bills to be presented and settled electronically.

With First Data Corporation, a leading provider of back-office payments services to financial institutions, it is establishing a 50-50 joint venture, MSFDC, to be based in Denver.

Microsoft, having been uoentbusiastic about the internet, embraced the network's potential in November 1995 and has since expanded beyond software development to establish businesses in internet media and electronic commerce.

This latest venture will pit Microsoft, which is gaining market share at the expense of Netscape in the market for internet software, against CheckFree, until now the dominant provider of internet billing services.

The joint venture will develop software for banks and billing companies such as utilities, wbich will enable them to design electronic bills which can be delivered to the customer as electronic mail.

The method of payment predates the internet. First Data and CheckFree transmit monies over the Federal Reserve's automatic clearing house network, which links the compoter facilities of US banks nationwide.

Microsoft announced that Wells Fargo, Bank of America and Chase Manhattan, which have used CheckFree until now for billing services, bad joined MSFDC's advisory board. Citibank, another leading online bank, also signed up.

Winning the backing of banks is important, because bill-paying is likely to be offered to consumers increasingly in conjunction with other online banking functions.

The number of US households conducting their banking online is expected to grow from 4.5m by the end of 1997 to 13m by 2000, while the proportion that also pays bills online doubles to 60 per cent, according to Jupiter Communications.

However, CheckFree has ties with intuit, developer of Quicken, a personal finance management software package which has held off a challenge from Microsoft Money. This software bas a function which facilitates online bill payment.

Peñoles in $380m placing

By Leslie Crawford in Mexico City

Industrias Peñoles, the Mexican mining group, yesterday raised $380m in a private placemeot with international investors to finance the expansion of its gold and zinc mines in Mexico and to fund new projects in Peru and Argentina.

Peñoles was the winning bidder this mooth in the privatisation of Peru's Minería Metaloroya, part of the state-owned mining group Centromin. Peñoles paid $225m for a 60 per cent stake in the Peruvian mine. It has also acquired exploration rights in Argentina.

Peñoles is the latest in a series of Mexican companies which have taken advantage of a benign international environment to raise new capital or refinance dollar debts. The 15-year Peñoles notes carry a fixed interest rate of 8.39 per cent, which may be repaid in silver.

The company, which owns the biggest silver mine in Mexico and several metal smelters, is expanding gold production at its Herradura mine to 150,000 ounces a year, and is developing the country's largest zinc deposit.

Regulators halt Baby Bell plans

By Richard Waters in New York

Two Baby Bells have had their attempts to break into the $80bn long-distance calling market turned back by US regulators, the latest indication of how long it has taken for competition to take hold in the country's telecoms industry.

The Federal Communications Commission yesterday refused to allow SBC Communications to sell long-distance services in Oklahoma, the first time it has ruled on such an application.

Meanwbile, the Justice Department late on Wednesday passed jndgment on Ameritech's plan to enter the long-distance market in Michigan by recommending that the FCC reject the bid.

The Oklahoma and Michigan plans marked the first attempts by local carriers to break into long-distance calling since this became technically possible with the passage of last year's Telecommunications Act. But the legisletinn requires them to open their local markets to competition first – which the FCC and Justice Department said the Bells had not yet met.

GM feels strain of globalisation drive

The European activities of General Motors, the world's biggest carmaker, appear to have hit a bumpy patch.

Four senior executives have left recently, sales at Adam Opel and Vauxhall, GM's German and UK arms, have fallen, and quality problems at Opel seem to be rising.

GM can claim that these problems are not as serious as they seem. Opel's German market share fell by 1.2 percentage points to 15.5 per cent in the first five months of this year. But even arch-rival Volkswagen's market share dropped by an identical margin in the same period.

Most of the management departures look uncontroversial – for example, Mr John Butler, head of personnel et GM's Zurich-based international operations, left to become one of the top men at Textron, the US industrial group.

But the rough ride has nevertheless raised concerns about GM's strategy of using Opel as the springboard for its future outside the US.

The resignation earlier this month of Mr Jürgen Stockmar, Opel's head of product development, particularly suggested deeper strains.

Mr Stockmar, 55, came to Opel in 1994. He replaced Mr Peter Hananberger, who was promoted to the newly-created job of development supremo for GM's international operations, based at Opel in Germany.

Mr Hanenberger's new post owed its origins to GM's decision to turn Opel into the fulcrum for its expansion outside the US. Many of the new markets targeted, such as Poland, Brazil, Argentina and Thailand, where GM is building new car plants, were judged to be better suited to European-style cars than US products.

A version of Opel's compact Corsa is spearheading GM's growth into expanding car markets such as South America. A variant of the alightly bigger Astra hatchback is expected to be the hase product built in Poland and Thailand.

But Mr Stockmar's resignation spotlighted two growing concerns on the European side of GM's product development division. Critics argue:

- The pace of GM's recent push into new markets has stretched the engineers at Opel's technical development centre too thinly.
- GM's US engineers are playing too big a role in new models. The danger, critics argue, is that the "European" character of future products may be diluted in GM's enthusiasm for "global" cars.

Louis Hughes: group has to respond to what may be one-off opportunities in the industry

Some strains in GM's German-based global push are probably inevitable. Top GM executives such as Mr Louis Hughes, the Zurich-based head of internationel operations, argue the group bas to respond to what may be one-off opportunities in the industry.

Rising affluence in newly industrialising countries and more liberal international trading rules bave opened the door to unprecedented international expansion, which GM must grasp if it is to remain competitive.

Moreover, spiralling product development costs and increasing competition have forced all the world's carmakers to exploit economies of scale for future models.

While the next generation of GM's US and European vehicles will not be the same, the company, like other leading manufacturers, is trying to simplify the number of "platforms" – basic engineering structures – on which its future models are built.

But Mr Stockmar – and, by all accounts, other senior Opel engineers – fear the process has gone too far, too fast. They argue globalisation is giving too mucb say to GM's US engineers.

Such anxieties have been heightened by concerns within Opel about GM's commitment to carmaking in Germany. A wholesale pull-out is inconceivable. But high production costs and inflexible labour practices in Germany have meant some big investments have gone to cheaper east European countries such as Hungary and Poland.

Concern about the possible dilution of Opel's role in new product development has been exacerbated by rising complaints about declining quality in Opel products. The company has suffered a number of product recalls. Internal assessments have showo that quality has, if not fallen, at least failed to keep pace with improvements at rival carmakers.

Such concerns are endemic to any big organisation going through big changes. They appear relatively minor compared with the convulsions suffered by Ford in implementing its Ford 2000 restructuring and globalisation drive in the past three years.

Part of the problem in GM's case may have been a failure to win the hearts and minds of employees – especially in Germany – about the group's continuing commitment to its European engineers.

The current difficulties within Opel do not yet constitute a crisis. But GM will have to drive carefully to get back on a smooth road to global success.

Haig Simonian

Continental flavour to Rhône-Poulenc reorganisation

Daniel Green and **David Owen** report on the French group's plans to split into life sciences and chemicals businesses

Rhône-Poulenc's plans to split itself into e life sciences company and a chemicals business at first sight looks a powerful vote in favour of Anglo-Saxon style restructuring.

In the past five years, many of R-P's rivals have taken similar steps. The UK's ICI spun off Zeneca, the drugs company; Switzerland's Sandoz, under US-inflnenced management, divested its chemicals division as Clariant; and Dow Chemical of the US sold Marion Merrell Dow, its drugs division, to Hoechst of Germany.

Each of these deals had two aims: to give independence to executives running widely differing businesses, and to realise the markets' high valuation of the drugs businesses that were buried within slow-growing chemicals companies.

However, Rhône-Poulenc's aim of keeping a majority stake in its chemicals company gives the reorganisatioo a distinctly Continental flavour: like Hoechst and Bayer of Germany – but almost no others among large chemicals companies – Rhône-Poulenc plans to keep control of all its businesses, whether in medicines, agriculture or bulk chemicals.

The decision has some logic. Mr Jean-René Fourtou, Rhône-Poulenc chairman and chief executive, has presided over more than a decade of restructuring and wants to see the process through. "This is not financially the best time to sell off the whole chemicals business," he said.

Like Hoechst and Bayer of Germany, Rhône-Poulenc plans to keep ultimate control of all its businesses

Some analysts agree. "Neither the chemicals nor the pharmaceuticals sides are as good as their counterparts at Sandoz were when they demerged," said Mr Shaw Bridges, chemicals analyst at Merrill Lynch in London.

He said more could be done to improve those businesses and the new structure was the right framework for that.

However, there are obstacles ahead for the life science and chemicals sides of the business.

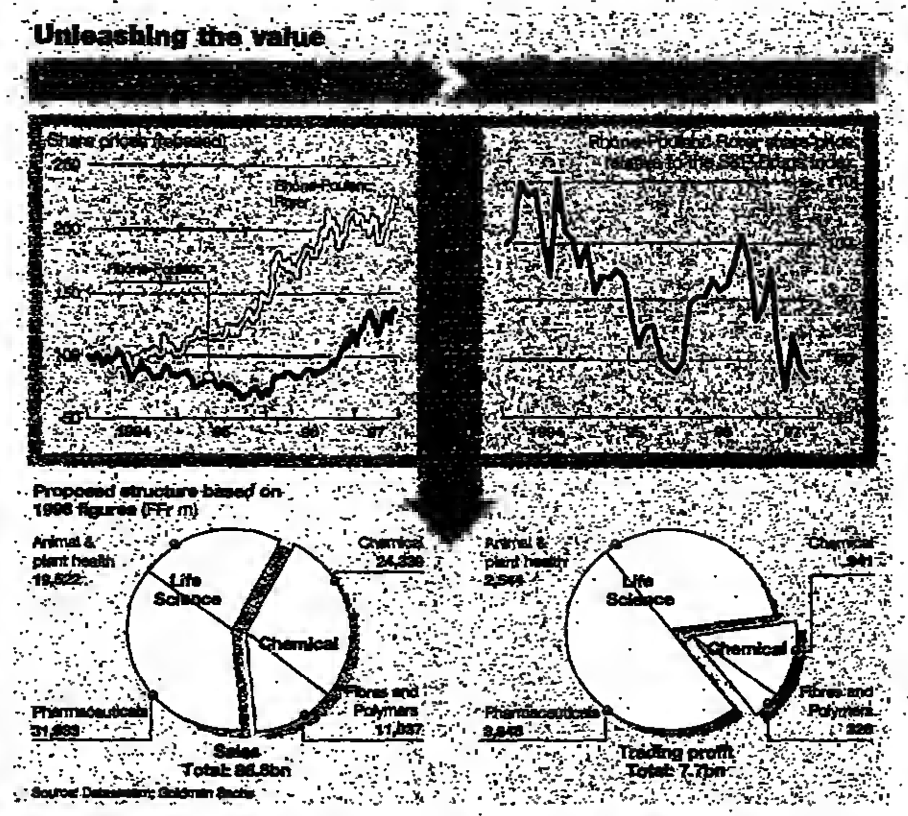
On the drugs side, Rhône-Poulenc Rorer is not among the strongest drugs companies. It is about 15th in the world by sales but has a fragmented product range compared with its peers. The likes of Astra of Sweden and Schering-Plough of the US make the majority of their sales and profits from two or three products. That allows them to have more efficient sales, distribution and marketing – and higher profit margins – than RPR.

RPR could improve with the help of recent product launches, such as the cancer drug Taxotere. The new products promise to be big sellers and help raise profit margins.

But there is a long way to go. On a like-for-like basis, Rhône-Ponlenc's first-quarter pharmaceutical sales rose 4.6 per cent to FFr7.13bn ($1.22bn), mnch less than many drugs companies' growth over the same period. Mora drug launches will be needed before RPR is in the same league as Astra.

Efficiencies brought about hy tha inclusion of the France-based vaccines business Pasteur Merieux Connaught with RPR may help. But the vaccines marketing is already in a joint venture with Merck of the US. Mr Fourtou warned that efficiency gains from tha combination of the two medicines operations would be smaller than those made when RPR bought UK company Fisons two years ago.

The chemicals side also has its troubles. Like many of its rivals in Europe, Rhône-Poulenc's profits have been hit by price cycles, overcapacity and competition from lower cost rivals, mostly in Asia.



In the first quarter, chemicals sales rose 5.6 per cent to FFr6.83bn, but sales by the company's fibres and polymers operations, which will be in the new chemicals company, fell 0.5 per cent at FFr2.8bn.

French analysts were yesterday speculating that the initial valuation of the chemicals and fibres interests could be between FFr15bn and FFr20bn. At such levels, it seems possible that the group may need to sell a larger stake in the new company than it would like, in order to raise the FFr13bn it is counting on from disposals over the next few months and tha flotation of tha minority stake in the chemicals business.

If all goes according to plan, the effect of the restructuring will simply be to turn Rhône-Poulenc from a group with a wholly-owned chemicals business and a separately-listed, nearly 70 per cent-held, pharmacenticals company, into the converse: a group with a wholly-owned pharmaceuticals business and a majority-held chemicals company.

Mr Fourtou concedes that this may not be enough to achieve his targets for the stock market valuations of the entire group.

"We have succeeded in escaping the pack of chemicals companies, but we are half way between the price/earnings ratio of chemicals and pharmaceuticals," he said.

"But if we do not achieve what we want from our price/earnings ratio, then we may have to reconsider [the future of the chemicals business]," he said.

One possibility is to sell more of the chemicals company. But Mr Fourtou says: "The best thing is to do a deal with somebody else in the chemicals industry."

Only when that happens will the new look Rhône-Poulenc begin to look like what UBS, Rhône-Poulenc's adviser in the deal, says is the model for the restructuring. That model is Sandoz, now merged with with Swiss rival Ciba and called Novartis, which has been recognised as having been the most efficient at concentrating on life sciences by getting rid of chemicals.

Yesterday the share prices of Rhône-Poulenc and RPR rose by more than 15 per cent. If the new-look company achiaves Novartis-lika gains in its efficiency and product quality, tha share prices will rise a lot further.

BCH links up with Rothschild

By Tom Burns in Madrid

The Rothschild Group, the banking and investment concern, has moved into the Spanish-speaking market through an agreement with Banco Central Hispano, the big Madrid-based banking group, to provide asset management services in Spain and Latin America.

The London-based Rothschild Asset Management will advise BCH's private banking clients while Rothschild Bank Zurich will set up a Swiss financial services company with BCH. NM Rothschild, the group's subsidiary in the Channel Islands, will help BCH establish an offshore bank in Guernsey.

The venture, announced yesterday, also brings Rothschild into a partnership with Banif, a private banking unit thet BCH owns jointly with Banco Comercial Portugués, the Portuguese bank. Banif claims to be capturing some Pta10bn ($69m) a month in new customer savings and is placing up to 25 per cent of the funds it manages in foreign investments.

Rothschild, which opened a representative office in Spain in 1988 and has been an adviser on big privatisation transactions, hopes the alliance with BCH will give it an edge on other foreign banks: J. P. Morgan and Merrill Lynch of the US, Barclays of the UK and Credit Suisse of Switzerland have been building strong asset management operations in Spain by offering international equity opportunities for domestic clients.

Banif's link with Rothschild should help position Banif as an important private bank in Spain and Latin America. "We have the products, BCH has the distribution," said Mr Philippe de Nicolay, chief executive of Rothschild in Paris, who engineered the agreement with, Mr Emilio Novela, Banif chairman.

Analysts suggested the agreement would usher in Rothschild as a BCH shareholder. "We are taking one step at a time and we will see in the future if [an equity position] makes sense," Mr de Nicolay said. "At the moment this is not on the cards."

The BCH group reported customer funds of Pta7,565bn last year in Spain, where it has over 2,500 branches – more than any other banking group. BCH has an extensive network of representative offices and associate banks in Latin America.

After a tough two-year restructuring, involving high charges to strengthen its balance sheet and dividend cuts, BCH is beginning to show profitability.

However, its first-quarter net attributable earnings of Pta12.4bn, 20.1 per cent up on the first three months of 1996, were low compared with those of rival domestic banking groups.

Tobacco fuels Richemont rise

By William Hall in Zurich

Richemont, the Swiss-based conglomerate controlled by South Africa's Rupert family, increased its pre-tax profits hy 15 per cent to £914.8m ($1.52bn) in the year to March 1997.

Strong growth in its traditional Rothmans tohacco business offset a sluggish performance by its Vendôme luxury goods operation and a near doubling in the losses of its media operations.

Richemont's operating profits from tobacco rose by more than a tbird to £795.9m, whila the operating profits of Vendôme, which announced its results separately this week, fell £6.4m to £243.3m. The group's share of operating losses from its media interests rose from £46.3m to £81m.

Total operating profits rose 19.4 per cent to £954.2m, hnt after the impact of a much higher financing charge of £39.4m, higher taxes of £308.5m and a more than 50 per cent increase in minorities, to £308.4m, the group's attribuiable profits fell 4.2 per cent to £302.9m, or £52.75 a share. Notwithstanding the decline in net earnings, the group is increasing its dividend hy 17.5 per cent to £9.40 a share. This follows a 14.3 per cent increase last year.

The strong performance of Richemont's tobacco brands, which also include Dunhill, Peter Stuyvesant and Craven "A", was boosted by last year's merger of Rothmans International with the tobacco businesses of Rembrandt, the Sonth African arm of the Rupert family's interests. The underlying profits of Richemont's tobacco operations increased by 6.7 per cent and worldwide sales volume rose 5 per cent.

The group's overall resnlts were hit by the strength of sterling, which reduced attributable profits by £29m. Richemont said that on an underlying basis its tobacco and luxury goods businesses had "satisfactory growth". However, its strategy of using strong cash flow of its tobacco businesses to diversify into media operations had still to pay off.

This year's heavy losses in media should disappear following last September's decision to merge its loss-making Nethold pay-television operation with France's profitable Canal Plus. As a result, Richemont owns a 15 per cent stake in Europe's leading pay-TV gronp, which has 10m subscribers, and believes it is well placed to benefit from the opportunities offered by digital technology and multichannel TV throughout Europe.

Richemont's share of losses in its NAR direct marketing operation increased from £12.9m to £16.1m.

Financial Times Annual Report Panel Service

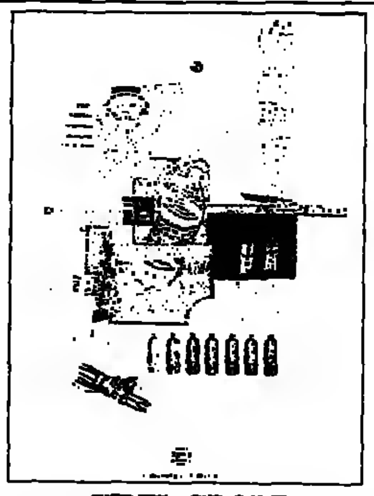
97

SCOR

SCOR Group, the leading French Reinsurer, n° 6 in the world, is present in 16 countries through its network of subsidiaries. SCOR is listed on the Paris and New York Stock Exchanges. The very significant restructuring of its shareholding has contributed to the good performance of its stocks, and the continuing growth of its net profit led to a return on equity close to 12% in 1996.

1996 Key Figures	(in FRF millions)	96/95
Premium income	13,814	+ 16.6%
Group net income (excl. minority interests)	624	+ 19.5%
Shareholders' equity (excl. minority interests)	5,869	+ 14.0%

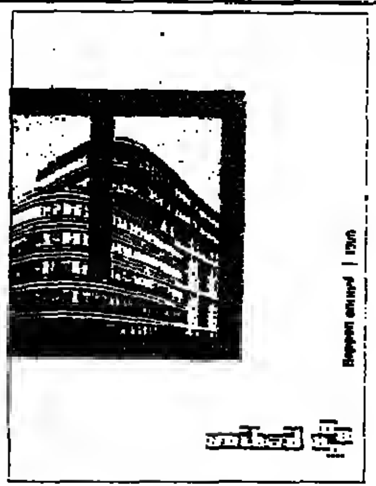
98



SIDEL GROUP

The Sidel Group designs, develops and markets machines for making plastic packaging mainly using PET and HDPE, and complementary packaging, filling and overwrapping equipment. Sidel also provides engineering services and constructs integrated packaging lines incorporating all stages for processing products, from manufacture through the final packaging stage. The Group has grown at an annual rate of 23.9% over the past five years, with good performance on net income as a percentage of capital employed and on equity, respectively 26% and 27% in 1996. After a pause in 1996, the forecast growth in sales for 1997 is 25% with a strong increase in income.

99



UNIBAIL

UNIBAIL is one of the main property companies listed on the Paris Stock Exchange (SBF 120 index). Just under half its capital is owned by international investors. Its portfolio, focused on Paris office properties and shopping centres, is valued at FFr 11 billion. In 1996, the Group returned to the office property sector by investing almost FFr 1 billion and becoming the General Partner of Crossroads Property Investors, a fund set up with an investment capacity of FFr 5 billion in this segment. Further improvement of results with a recurring cash flow of FFr 405 million (+ 4%) and a net profit of FFr 275 million (+ 3.7%) enabled the net dividend per share to be raised once again to FFr 29 (FFr 28 last year). UNIBAIL pursues a growth strategy, seeking for its shareholders high yield, capital gains and permanent liquidity.

UNIBAIL 108, rue de Richelieu 75002 Paris - FRANCE

100

USINOR

Usinor is the number one steel producer in Europe and number two worldwide, based on 1996 sales. Usinor enjoys leadership positions in three core activities: flat carbon steels, stainless steels and alloys and specialty steels. The Usinor Group has a solid financial structure and production facilities whose performances are among the best in the world. Usinor works in close partnership with customers in the most demanding steel-consuming industries. Respect for the environment is a constant priority for Usinor, supported by sustained initiatives to promote steel recycling. On the strength of these sound fundamentals, the Usinor Group is well positioned to seize growth opportunities in its different businesses while continuously focusing on creating value for its shareholders.

1996 KEY CONSOLIDATED FIGURES (in billions of French francs)

- Sales 71.1
- Net income 1.5
- Operating income 2.5
- Cash flow 5.5

101

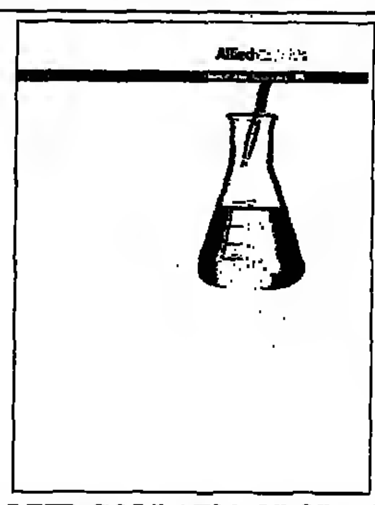
VALEO

Valeo is an industrial group totally dedicated to the design, production and sale of car and truck components and systems. As an independent company, Valeo serves all the car and industrial vehicle makers worldwide, in Europe, North America, South America and Asia. 97 production plants and 13 Research Centres in 19 countries. World leader in clutch systems, friction materials and engine cooling systems, Valeo is also the European leader in air-conditioning, lighting systems, security systems and electrical systems.

- Sales: 28.9 billion francs, 68% internationally
- Total workforce: 32,600 people
- Net income: 4.2% of sales
- Net indebtedness: 6.4% of stockholders' equity

Chairman and CEO: Noël Goutard

102



ALLIED COLLOIDS GROUP PLC

Allied Colloids aims to be the leading global developer, producer and supplier of products and services using acrylic chemistry and associated technology. Early in 1997, the Group made a significant step towards the achievement of this objective with the acquisition of CPS Chemical Company Inc. in the USA for US$390 million. CPS is a manufacturer of high value intermediates and specialised finished polymers for industrial use. The acquisition strengthened significantly the Group's core chemistry, created further opportunities for growth and has produced synergy benefits which are being realised progressively. The 1996/97 financial year saw pre-tax profits increasing by 29.7% to £54.6 million on turnover up 11.3% to just over £437 million. Earnings per share increased by 21.4% to 6.76p whilst the total dividend increased 10.1% to 3.15 pence per share.

103

ANGLO AMERICAN CORPORATION

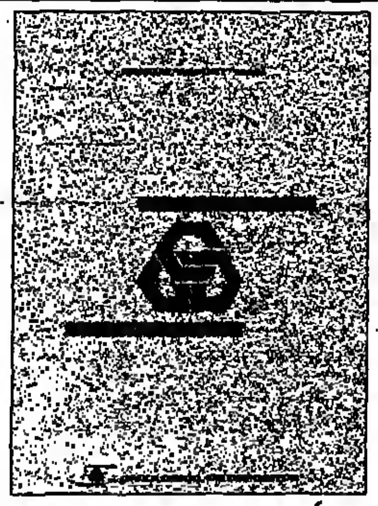
Anglo American Corporation, South Africa's premier mining finance house, and its major associates - De Beers and Minorco - together constitute one of the world's foremost mining enterprises. Today, some 71% of Anglo American's earnings are derived from interests in mining, with the remainder coming from industry and commerce, and financial services. The Corporation is best known for its substantial gold and diamond interests, but it also has interests and investments in a wide range of metals and minerals, including coal, chrome, copper, ferro-alloys, manganese, nickel, platinum and vanadium. Through Anglo American Industrial Corporation, Anglo has investments in steel and engineering, pulp and paper, chemicals, mining and construction equipment, food, motor manufacturing an electronics. Anglo American and its associates have played an important part in the development of southern Africa and have earned a reputation as developers of new mining and industrial enterprises rather than as purchasers of existing operations.

104

ATLANTIC CONTAINER LINE

As a leader in transportation on the North Atlantic for thirty years, ACL is the only ocean liner that carries containers, oversized cargo and automobiles between North America and Europe. ACL's main weekly service is operated with five of the world's largest combination container-roll-on/roll-off vessels. In addition to those vessels, the company has slot exchanges with other lines, enabling ACL to offer five transatlantic sailings each week. In 1996, ACL's pre-tax profit almost doubled and it continues to gain financial strength. The ACL share is traded on the Oslo Stock Exchange.

105



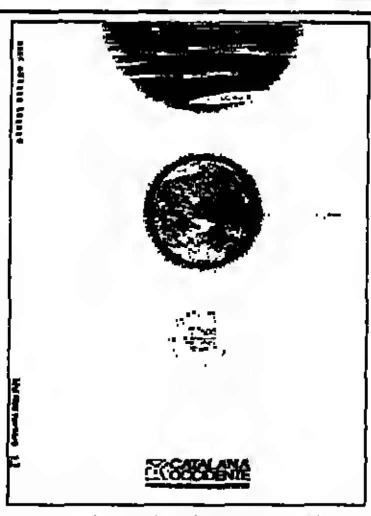
CAIXA GERAL DE DEPÓSITOS

Caixa Geral de Depósitos, S.A. established in 1876, is Portugal's largest bank and leads the most important domestic financial group - CGD GROUP - with major subsidiaries in commercial and investment banking, insurance, leasing, factoring, fund management, real estate and venture capital. As a universal bank, CGD offers a complete financial service worldwide, backed by its branches, affiliated banks and correspondents.

1996 Consolidated Key Figures of Caixa Geral de Depósitos are:

- Net Assets: PTE 7,327 billion (up 6.2% over 1995)
- Total Deposits: PTE 6,011 billion (up 8.5%)
- Loans and Advances: PTE 4,431 (up 0.5%)
- Net Income for the Year: PTE 49.8 billion (down 14.7%)
- Solvency Ratio: 12.9%

106



CATALANA OCCIDENTE

Catalana Occidente is one of the leading companies in the Spanish insurance sector. Its pre-eminence within the insurance market is due to its prestigious brand image, its solid financial position and the excellent service provided by its agent network. Founded in 1864, the Group Catalana Occidente is composed of a group of entities with a common management and in which Catalana Occidente, S.A. de Seguros y Reaseguros has an interest. The fundamental activity of the Group is insurance and the greater part of the non-insurance companies that make up the Group are connected to this activity. Catalana Occidente has 7,899 brokers throughout Spain and Andorra and this network services clients out of 331 offices in Spain.

107

KERAMIK LAUFEN

Keramik Laufen is an international group with headquarters in Switzerland in the field of ceramic products: wall and floor tiles, sanitary ware, bricks, roof tiles and table ware. Keramik Laufen has operations in Europe, North and South America and the Far East. The group is expanding its activities towards growth markets like Eastern Europe and Asia while downsizing Western European production facilities. Consolidated sales increased in 1996 by 6.4% to CHF 945 million, achieving a profit of CHF 30 million.

108

LURGI

Lurgi is a leading, globally active group of companies, specialising in process technology and plant engineering. The Lurgi companies design, supply and build turnkey plants and plant units for the most diverse applications. Lurgi AG is a wholly owned subsidiary of the Metallgesellschaft Group.

For 1995/96 Lurgi reported sales of over 2.7 billion marks. Milestones in the '95/'96 fiscal year ranged from the construction of Europe's most modern refinery in Leuna, eastern Germany, to new sewage sludge incineration plants in London, the expansion of a copper smelter in Spain and the commissioning of Saudi Arabia's first polyester production centre.

109

MOL HUNGARIAN OIL AND GAS Co.

MOL Hungarian Oil and Gas Company is a leading fully integrated oil and gas company in Central and Eastern Europe and the largest company in Hungary, with a market capitalisation of nearly USD 2 bn. In 1996 the net sales revenues exceeded USD 2.7 bn. Its principal operations cover the exploration and production of crude oil, natural gas and gas products, the refining, wholesale and retail marketing of oil products as well as transmission and wholesale of natural gas and other gas products. Our shares are listed on the Budapest Stock Exchange and the GDRs on the Luxembourg Stock Exchange and are traded on SEAQ International.

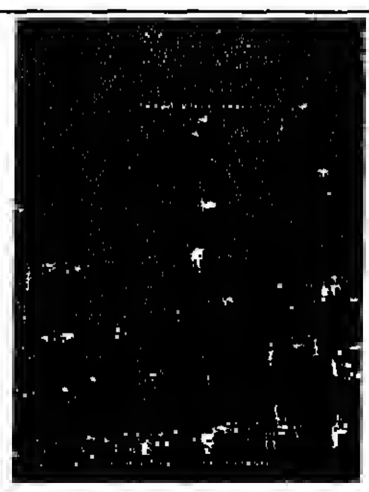
MOL Hungarian Oil and Gas Co.
H-1117 Budapest, Október huszonharmadika u. 18.
Phone: (36-1) 464-0726, Fax: (36-1) 464-1769

110

PT POLYSINDO EKA PERKASA

PT. Polysindo Eka Perkasa is a leading polyester manufacturer headquartered in Indonesia. Its business is based on a philosophy of vertical integration and as a result, its operations span the polyester production chain from raw materials to end /products, ensuring quality from start to finish. Its current products include polymer, polyester chips, staple fibre, filament yarn and finished fabrics, and upon completion of the current expansion program, the Company will also be self- sufficient in the primary raw materia, for the production of polyester, purified terephthalic acid (PTA). The company's products are marketed domestically as well as exported to over 50 countries. Polysindo is the flagship company of the Texmaco Group, a prominent industrial group in Indonesia with over three decades of experience in the polyester business.

111



PT TEXMACO PERKASA ENGINEERING

PT Texmaco Perkasa Engineering is one of Indonesia's leading industrial machinery manufacturers. The company specializes in four industrial and machine divisions: heavy engineering and fabrication, textile machinery, machine tools and automotive components. The Company's facilities include one of the largest foundries in Indonesia and the only titanium clean room in Southeast Asia capable of fabricating the specialty plants and equipment required by the region's high-growth industries of chemicals, steel, cement and pulp and paper. In addition, the Company also markets turnkey services throughout the Southeast Asia and Africa regions. Texmaco Perkasa Engineering is a member of the Texmaco Group, a prominent industrial group in Indonesia with over three decades of operating experience.

112

RANDGOLD RESOURCES

Randgold Resources was incorporated in 1995 to house the exploration assets of the Randgold group. Since then, it has made considerable progress towards its goal of building a world-class, gold-focused African resource company. The company now has a major gold producer in the Syama mine in Mali, two advanced gold mining projects in Mali and Tanzania, and more than 190 targets throughout Burkina Faso, Côte d'Ivoire, Mali, Senegal, Tanzania and Gabon which are currently being explored at different levels of priority. Its extensive portfolio of mineral rights includes one of the best groundholding positions in Africa's prospective greenstone belts.

The Financial Times Annual Report Panel Service is appearing on 24, 25, 26 & June 27 1997

Please send me these Annual Reports: Fill in boxes like this ■

This service is free to readers of the Financial Times

97. ☐ SCOR
98. ☐ SIDEL
99. ☐ UNIBAIL
100. ☐ USINOR
101. ☐ VALEO
102. ☐ ALLIED COLLOIDS GROUP PLC
103. ☐ ANGLO AMERICAN CORP.
104. ☐ ATLANTIC CONTAINER LINE
105. ☐ CAIXA GERAL DE DEPÓSITOS
106. ☐ CATALANA OCCIDENTE
107. ☐ KERAMIK LAUFEN
108. ☐ LURGI
109. ☐ MOL
110. ☐ PT TEXMACO PERKASA ENG.
111. ☐ PT POLYSINDO EKA PERKASA
112. ☐ RANDGOLD RESOURCES

PLEASE ATTACH YOUR BUSINESS CARD OR WRITE YOUR NAME AND ADDRESS IN THIS SPACE. PLEASE USE BLOCK CAPITALS.

Name(Mr, Mrs, Miss, Ms)..........

Address..........

Town..........

Country.......... Postcode..........

☐ Please tick if you do not wish to receive further mailings from the Financial Times

Please indicate whether these reports are for your business or personal use:

☐ For business investment use ☐ For personal investment use ☐ For other business use ☐ For other personal use

Which one of these best describes your job title position?

☐ Chairman/President ☐ Chief Executive ☐ Managing Director/Vice President/Director ☐ Manager/Executive ☐ Institutional Investor ☐ Stockbroker ☐ Professional ☐ Technical ☐ Skilled or Clerical ☐ Academic Researcher ☐ Student ☐ Retired ☐ Other. Please specify..........

Mail to: The Financial Times Annual Report Panel Service, Logiscom Staci, BP9124, 95074 CERGY PONTOISE CEDEX, FRANCE - to reach us no later than 30th September 1997.

Sommer in legal challenge to Armstrong

By Graham Bowley in Frankfurt

Sommer Allibert, the French plastics group, is to take legal action against Armstrong World Industries, the US manufacturing concern, in the latest twist in the battle over Domco, Sommer's Canadian flooring division.

Sommer said yesterday it would take three legal actions, alleging that Armstrong breached a confidentiality agreement with Sommer, misled Sommer and Domco shareholders and sought to damage Sommer's reputation.

The move follows legal charges brought by Armstrong against Sommer in recent weeks, as the US group has tried to force home its C$488m (US$350m) hostile bid for Domco and block the planned DM1.4bn ($812m) merger of Sommer's flooring arm with Tarkett, the German flooring company.

A merger between Sommer and Tarkett, the two biggest flooring groups in Europe, would create a significant competitor in the world flooring industry to Armstrong, which dominates the US market.

Armstrong alleges that Sommer Allibert broke earlier agreements over talks about a bid by Armstrong for Sommer's flooring business. It also claims that Sommer and Domco directors failed in their duties to Domco's minority shareholders by not properly informing them of Armstrong's bid.

On Monday, Armstrong filed an application with the Ontario and Quebec Securities Commissions claiming the Sommer-Tarkett merger was an "unlawful takeover of Domco" and was "abusive of minority shareholders".

It claims that the merger would not be in the long-run interests of Domco's minority shareholders. Sommer Allibert owns a controlling 69 per cent stake in Domco.

"These actions are based on false assertions and have no basis in law," Sommer said yesterday. It said it would "vigorously defend" itself against Armstrong's actions.

"Despite Armstrong's unlawful attempt to disrupt the creation of a stronger competitor, Sommer Allibert and Tarkett are proceeding as planned with the implementation of the agreement signed on May 27," the company said.

Armstrong yesterday responded heatedly to Sommer's announcement. "Sommer's attempt to muzzle public debate over the treatment of stockholders demonstrates once again its attitude toward their rights and interests," it said. "We are confident of our legal position and look forward to seeing these issues fully aired in the public forum of a court of law," it added.

It is not clear which side will prevail in the take-over battle. Mr George Lorch, Armstrong chairman, is seeking to meet a special committee of directors set up following Armstrong's hostile bid. Armstrong will have to convince the minority shareholders of the value of its bid as well as force the sale by Sommer of its stake.

Lufthansa maintains growth

By Graham Bowley in Frankfurt

Luftbensa, the German airline, continued its strong growth momentum in the second quarter and expects record profits this year, Mr Jürgen Weber, chairman, said yesterday.

In a speech at the group'e ennual ebareholders meeting, Mr Weber claimed the robust growth was the latest evidence of the group's success in cutting wage costs and vowed to press on with new cost-cutting measures.

He said the group would end the first half of 1997 with profits "significantly" higher than in the same period last year and in 1995.

"In the absence of major changes in the market, we expect 1997 reenlts to be above the best-ever results of 1995," he said.

However, be would not give details of the profits figures, which are to be published later.

In the three months to the end of March, Lufthanse acbieved lte firet ever first-quarter profit.

Mr Weber said strong passenger business was the main reason for the continued growth, especially in the North Atlantic, Asian and Pacific markets.

However, investors were lukewarm in their response to the robust forecasts, with Luftbansa shares falling about DM1.26 to end at DM34.45 et the close of electronic trading.

Earlier tbie week, Lufthansa shares had hit an all-time high, driven by confidence in the group's success at cutting costs and in its ability to face up to competition in the newly liberalised European air market.

Mr Weber claimed the group'e growth was e eign it was pursuing the rigbt policies of co-operation and alliances with other airlines. In May, Lufthansa formed an international alliance with four other large airlines – called the Star Alliance – to form one of the world's most powerful aviation groupings. "With our alliances, we are way ahead of competitors," Mr Weber said.

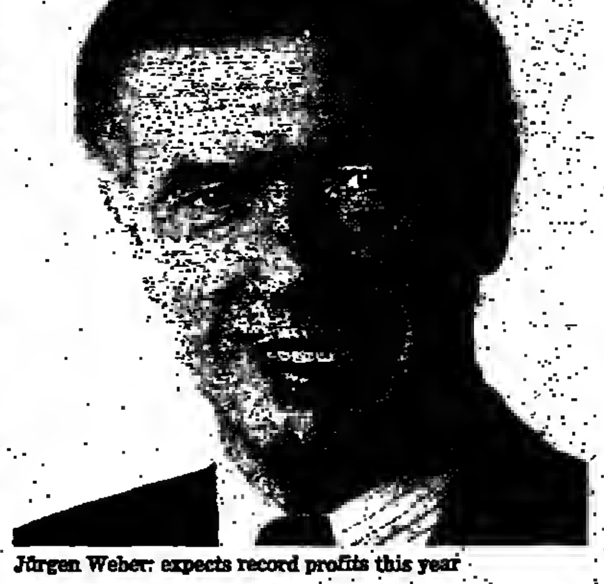
He edded Lufthansa was seeking to strengthen its relationship with NUR, the travel group.

Condor, the airline's charter unit, was in talks with NUR aimed at forging "a closer working relationship," be said.

Lufthanse was prepared to sell its stake in Hapag-Lloyd, tbe container ehipping, transport and tourism company.

Preussag, the German steel and engineering group, announced this month it was in talks with the corporate shareholders of Hapag-Lloyd, – which include Lufthansa – which aimed at buying a majority stake in the company.

But Mr Weber did not say when or to wbom Lufthansa's etake would be sold.



Jürgen Weber: expects record profits this year

RAND MINES LIMITED

("Rand Mines" or "the Company")
(Incorporated in the Republic of South Africa) (Registration No. 01/0066/06)

NOTICE OF GENERAL MEETING

Shareholders are advised that on 13 June 1997 the directors of Rand Mines received a requisition from Loweoco Nominees (Proprietary) Limited and Performa Trust (the "Requisitionists"), in which they require the directors, in terms of Section 181 of the Companies Act, 1973, to convene a general meeting of members of Rand Mines to deal with the objects set out in the requisition. The register of Rand Mines indicates that the Requisitionists hold sufficient shares to requisition, such a meeting. Accordingly, notice is hereby given that a general meeting of the Company will be held on Thursday, 31 July 1997, at 09h00 South African time at the Company's registered office 5 Handel Road, Ormonde., Johannesburg, South Africa, to consider the objects set out in the requisition.

Section 181 of the Companies Act, 1973 provides, inter alia, that if members of a company representing not less than 1/20th of the total voting rights of all members lodge a requisition with a company, the directors of the company are obliged within 14 days to issue a notice to members convening a general meeting of the company.

In terms of Section 181(2), the Requisitionists are required to set out the objects of the general meeting which they have requisitioned and, as stated by the requisitionists, they are:

- "To pass a resolution removing all of the directors of the Company as directors of the Company.
- To pass a resolutioo appointing new directors of the Company in place of all the directors removed.
- For the present directors to advise of, and to discuss with the shareholders, the activities of the Company since the date of its unbundling with particular reference to any negotiations which took place with any third party for the take-over of the shares of the Company.
- For the present directors to advise the shareholders of the reasons why, in their opinion, it would be in the best interest of the Company for it to be wound-up
- For the present directors to advise the shareholders as to the assets and liabilities (actual or contingent) and financial status of the Company"

Apart from stating the objects of the meeting as they were obliged to do, the Requisitionists have elected to furnish their reasons for removing all of the present directors. These reasons as stated by the Requisitionists are:

- "The directors of the Company, through their attorneys, Bowman Gilfillan Hayman Godfrey, have advised one of the Requisitionists, oamely, Performa Trust (Proprietary) Limited, through its attorneys, that:
  - — they are of the opinion that it is in the interests of the Company for it to be wound-up.
  - — they have information io their possessioo which information leads them to the conclusion that there is no alternative but for the Company to be wound-up
  - — the information in their possession, relating to the winding-up of the Company is secret and confidential and they are not prepared to disclose it to the shareholders of the Company
  - — the directors are of the opinion that it is not necessary for them to disclose to the shareholders of the Company the aforesaid secret information which makes it in the interests of the Company for it to be wound-up.
- The Requisitionists do not have confidence in the ability of the directors to negotiate the purchase of assets on terms and conditions satisfactory to the charcholders of the Company"

The Requisitionists have elected not to give the names of any persons whom they seek to appoint as the new directors in place of the present directors.

Comments of the Board of Directors

In order to be helpful to members and put the objects of the meeting in perspective a brief statement of the salient facts follows

1. The Board of Rand Mines is made up of highly experienced persons. The Board was responsible for carrying out the unbundling of Rand Mines pursuant to a resolution of shareholders in general meeting, which resulted in substantial benefits to members.

2. Since the unbundling would result in all assets of Rand Mines passing directly to members, the Board was of the opinion that, after unbundling, Rand Mines should be wound-up to facilitate the distribution of the cash surplus to members. The Board is still of this view. Rand Mines is presently a cash shell.

3. In November 1996 Rand Mines was approached by a party wishing to discuss the possibility of injecting assets into Rand Mines. In the light of that approach it was appropriate for Rand Mines to issue a cautionary announcement, and this announcement appeared on 7 November 1996. This party did not make an offer to Rand Mines and subsequently the board invited a number of parties who had expressed an interest in Rand Mines to submit their formal proposals but only one of them pursued the matter further by submitting an outline of a proposal. Certain information was given to this party after a confidentiality agreement was signed. This party withdrew its proposal. The information given to this party, which the Requisitionists appear to suggest is wrongfully being withheld from members, is of a confidential nature and it relates to goods manufactured by others from, and the further processing by others of, the products of mining by companies in which Rand Mines at one time held shares. The information is of a nature which may deter a party from proceeding with an offer to inject assets into Rand Mines, albeit that the directors have been advised that the matter is so remote that it is not necessary to record it as a contingent liability in the financial statements of Rand Mines, and that, in addition, a disclosure to shareholders in the ordinary course will not assist them.

4. Performa Trust, circulated a letter to certain of Rand Mines members stating its intention to oppose the winding-up of the Company because it was aware of persons who were interested in injecting assets into the Company. The directors have always been prepared to consider any proposal and consequently the directors announced on 3 June 1997 that they had decided to postpone taking steps which could result in a winding-up of Rand Mines during the three-month suspension period of the Company's listings on the Johannesburg Stock Exchange and The London Stock Exchange and that this postponement would allow interested parties the opportunity of submitting a formal offer for a suitable transaction.

5. Following this announcement certain parties have indicated an interest in injecting assets into Rand Mines and confidentiality agreements have been signed. Certain disclosures have been made to these interested parties but to date no proposal or offer has been received by the directors.

6. The Board, which consists of persons who have had a long associatioo with Rand Mines and who have considerable knowledge of its affairs and history, has at all times acted in the interests of the members as a whole and will continue to do so and in particular will consider and evaluate any firm offer or proposal made by any appropriate party.

7. As stated above, the objects of the Requisitionists do not indicate who will replace the directors and, therefore, it will be extremely difficult, if not impossible, for the members to decide whether or not they should continue their support for the current Board or replace it with a board of directors who are as yet unknown to them.

8. The Requisitionists reasons for wishing to remove the Board are the following:

a) The directors are of the opinion that it is in the interests of the Company for it to be wound-up.

b) The directors have information in their possession, which information leads them to the conclusion that there is no alternative but for the Company to be wound-up.

c) The information in the possession of the directors relating to the winding-up of the Company is secret and confidential and they are not prepared to disclose it to the shareholders of the Company.

d) The directors are of the opinion that it is not necessary for them to disclose to the shareholders of the Company the aforesaid secret information which makes it in the interests of the Company for it to be wound-up.

9. The statement in ((b)) above is incorrect as the directors have always been prepared to entertain any feasible proposal which, if implemented would not result in the winding-up of Rand Mines. In the absence thereof, the directors however consider it commercially sensible to wind-up Rand Mines and distribute surplus cash to the members. The statements in (c) and (d) are incorrect in that the directors are and have always beeo prepared to furnish the informatioo in questioo in appropriate circumstances. The directors reasons for winding-up are set out above and in the announcement published on 3 June 1897.

Directors' representations

Shareholders attentioo is drawn to section 220(3) of the Companies Act, 1973, which provides that if a resolution is proposed to remove a director at a general meeting the director is entitled to make representations relating to the removal which if received timeously, must be sent to all members of the Company to whom notice of the meeting is sent. The Board is of the opinion that a resolution of the nature referred to above may be proposed at the general meeting and it has ootified each of the directors to that effect. A written representation has been received from the directors and it is being circulated with this notice of general meeting.

Voting and proxies

On a show of hands each shareholder present in person or by proxy or represented in terms of Sectioo 188 of the Companies Act 1873, shall have one vote. On a poll, each shareholder present in person or by proxy or represented in terms of Section 188 of the Companies Act, 1873, shall have one vote for every share held by such shareholder.

Any shareholder entitled to attend and vote at the general meeting is entitled to appoint e proxy or proxies to attend, speak and vote in place of such shareholders. A proxy need not be a member of the Company.

A proxy form for use by shareholders will be posted to Shareholders with the Notice of General Meeting. Duly completed proxy forms must be returned to the Company's transfer secretaries, Rand Registrars Limited, Block "C", 100 Northern Parkway, Ormonde, 2091, Johannesburg (PO Box 82549, Southdale, 2135) in South Africa or The Royal Bank of Scotland plc, Securities Services – Registrars, PO Box 82, Caxton House, Redcliffe Way, Bristol, BS99 7NH in the United Kingdom, to be received by them by not later than 09h00 (South African time) on Tuesday 29 July 1997

Holders of share warrants to bearer

A holder of a share warrant to bearer who desires to attend or be represented at the general meeting must produce his share warrant or a certificate of his holding from a banker or other approved person at the bearer reception office of the United Kingdom registrars, transfer and paying agents, The Royal Bank of Scotland plc, Registrars Department, First Floor, 5-10 Great Tower Street, London, EC3R 5ER, or he must produce his share warrant at the office of the French agents, Barclays Bank PLC Guichet Titres, 21 rue Laffitte, 75009 Paris, in both cases at least five clear normal business days before the date appointed for the holding of the general meeting, and shall otherwise comply with the conditions governing the share warrants currently in force. Thereupon, a proxy or an attendance form under which such a share warrant holder may be represented at the general meeting will be issued to such holder.

By order of the Board Johannesburg

R L Bradshaw *Secretary* 27 June 1997

Registered office: 5 Handel Road, Ormonde, Johannesburg, 2091 South Africa (PO Box 78961, Sandton, 2146 South Africa)

The 1997 interim report is being posted to registered shareholders and copies are available for the holders of share warrants to bearer from the United Kingdom Secretaries Vedian Corporate Services Limited 19 Charterhouse Street London EC1N 6QP

Storebrand chief urges merger with Christiana

By Hilary Barnes in Oslo

A merger between Storebrand, Norway's largest insurance company, and Christiania Bank, the country's second-ranking commercial bank, will yield synergies worth at least NKr500m ($69m) through cost savings and improved business opportunities, Mr Oake Korsvold, Storebrand chief executive, told an extraordinary meeting of the company'e shareholders last night.

Shareholders were asked to approve or reject the merger proposal, put forward by the boards of the two companies in April, but the outcome of the vote was uncertain.

Two of the largest shareholders in the company – Orkla, the industrial and investment group, and Mr Kjell Inge Rökke, chief shareholder in industrial and seafoods group Aker RGI – are known to be sceptical about the merger, but have so far have given no indication how they will vote. Each holds about 10 per cent of the voting capital.

The merger, the biggest of its kind in Norwegian financial history, would create a group with assets of about NKr240bn, putting it roughly level with Den norske Bank, Norway'e other big domestic financial group.

Opposition to the merger has focused on the role of the state, which holds 51 per cent of the capital in Christiania and would gain de facto control of the new group formed by the merger.

However, Mr Korsvold argued that as long as the state regards its investment in the same light as any other investor, its position, as a large shareholder should not be regarded as an objection to the merger.

He argued that the group's competitiveness would be significantly increased, both domestically and in the increasingly integrated end competitive Nordic market.

● Three out of four core shareholders in Amer, the troubled Finnish sporting goods group that includes the Wilson brand, said yesterday that talks on a possible sale of their shares to Lord Moyne, the UK private investor, would not be resumed and that no talks would be held with any other party, AFX News reports from Helsinki.

The statement appeared to rule out any early change in control of Amer, which earlier this month was set to be taken over by Lord Moyne – previously Mr Jonathan Guinness – until a deal with the core shareholders fell through.

EUROPEAN NEWS DIGEST

Iberia dips at operating level

Spain's Iberia airline, which is seeking a link-up with British Airways as part of the first stage of its privatisation, suffered a 36 per cent fall in operating earnings in the first five months of the year to Pta4.04bn ($27.8m).

The setback came after a sharp improvement last year, which produced the state-owned airline's first net profit this decade. At group level, it showed 1996 net earnings of Pta3.52bn against a Pta44.6bn loss the year before.

Mr Xabier de Irala, chairman, said that negotiations on strategic alliances with European and US partners were in the closing stages. BA and American Airlines are well placed for the deal, expected to involve a joint shareholding of about 10 per cent in Iberia, but the Spanish side is awaiting European and US regulators' decisions on the planned BA-American alliance. Iberia, which has also been talking with KLM and Air France, as well as Continental in the US, insisted that "all options" were still open. *David White, Madrid*

New Africa in rights issue

New Africa Investments, South Africa's biggest black-owned company, has announced a R1bn ($222m) rights issue of non-voting shares. The cash will be used in part to fund a larger stake in Metropolitan Life, the leading insurer in the black consumer market. The group also announced it would list its merchant bank, formerly known as DLJ Pleiade, on the Johannesburg Stock Exchange. The cash injection would give the bank, in which New Africa has a 29.3 per cent stake, a capital base of R500m. The new bank would be listed as DLJ African Merchant Bank. *Mark Ashurst, Johannesburg*

Mol plans $265m upgrade

Hungarian oil and gas company Mol yesterday announced projects valued at Ft49bn ($265m) to upgrade the country'e key Duna refinery and meet increasingly tight EU environmental standards. The investment will be financed from a $500m syndicated loan from a consortium led by Sumitomo Bank concluded in April. Work will begin next year on a Ft43bn plant to refine heavy fuel oil to yield high value gasolines and other fuels.

Currently the heavy fuel oil is sold to a nearby power station, but this solution will be outlawed as Hungary applies stricter EU environmental standards. Construction of a Ft6bn hydrogen gas plant will begin in 1999, with both projects set for completion in 2000. *Kester Eddy, Budapest*

German builders to co-operate

Hochtief, the German construction company, said yesterday it had begun "concrete negotiations" with builder Philipp Holzmann over co-operation to take on foreign competition. Mr Hans-Peter Keitel, chairman, said Hochtief would use the joint strategy to face up to foreign competitors in neighbouring countries – in spite of the "narrow" limitations put upon the German building industry by the German cartel authorities. *Graham Bowley, Frankfurt*

Mediobanca crisis averted

A management crisis at Mediobanca, the Milan investment bank, appeared yesterday to have subsided. Earlier this week it was reported that Mr Gerardo Braggiotti, one of the bank's senior executives, had tendered his resignation and that other staff were also expected to leave Mediobanca.

Sources close to the bank said that the rift between Mr Braggiotti and Mr Vincenzo Maranghi, the bank's managing director, over Mr Braggiotti's role and responsibilities had been patched over.

Public airing of management problems at Mediobanca, Italy's leading investment bank and a central figure in Italian business, has nevertheless underlined the weakening of the institution's position and focused attention on its current identity crisis. *David Lane, Rome*

Sulzer Medica to raise SFr800m

Sulzer Medica, Europe's leading medical technology company, is set to raise up to SFr800m as e result of its partial spin-off from Sulzer, the Swiss engineering conglomerate. Sulzer is issuing 24 per cent of the equity of Sulzer Medica via an international IPO.

Yesterday the company announced e tentative price range of between SFr300 to SFr350 for the shares, which will be quoted in Switzerland and on the New York stock exchange. Based on informal estimates this suggests that the shares are being valued at abont 18 times 1998 earnings.

The value of between SFr3bn and SFr3.5bn being placed on the company is roughly what Sulzer indicated in January when it announced the spin off. Since then the stock market has risen by about a third, which suggests that the shares are being priced at a reasonable discount. The final offer price will be announced in the week of July 14. *William Hall, Zurich*

U.S. $150,000,000

Credit Suisse First Boston (International) AG

Junior Guaranteed
Undated Floating Rate Notes

Guaranteed on a subordinated basis
as to payment of principal and interest by

Credit Suisse First Boston (International) AG

Interest Rate	5.9375% per annum
Interest Period	27th June 1997 29th September 1997
Interest Amount due 29th September 1997	
per U.S. $ 5,000 Note	U.S. $ 77.52
per U.S. $100,000 Note	U.S. $1,550.35

Credit Suisse First Boston (Europe) Ltd.
Agent

WOOLWICH
BUILDING SOCIETY

£200,000,000

Floating Rate Notes due 1999

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the three month period ending 24th September, 1997 has been fixed at 6.984438% per annum. The interest accruing for such three month period will be £176.04 per £10,000 Bearer Note, and £1,760.45 per £100,000 Bearer Note, on 24th September, 1997 against presentation of Coupon No. 14.

Union Bank of Switzerland
London Branch Agent Bank

24th June, 1997 UBS

The Republic of Italy

US$500,000,000

Floating Rate Notes due 2000

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from 27th June, 1997 to 29th December, 1997 the Notes will carry an interest rate of 5.875% per annum. The interest payable on the relevant interest payment date, 29th December, 1997 will be US$301.91 per US$10,000 Note and US$7,547.74 per US$250,000 Note.

27th June, 1997 Istituto Bancario San Paolo di Torino S.p.A., London as Agent Bank

BENETTON GROUP S.p.A.

Registered Office: Via Villa Minelli, 1
Ponzano Veneto (TV), Italy.
Issued and fully-paid capital:
Lire 90,767,937,000

Form 20-F for the Year 1996

Notice is given that Benetton Group's Form 20-F for the year 1996, filed with the Securities and Exchange Commission in Washington, D.C., may be obtained upon request from:

- the Company or
- the Milan Stock Exchange Council.

Benetton Group S.p.A.

Chairman signals further move towards information services

GUS on acquisition trail

By Peggy Hollinger

Great Universal Stores, the UK's largest mail order group, is on the hunt for a sizeable acquisition to offset its declining home shopping operation and use up an expected cash pile of almost £700m ($1.16bn).

Lord Wolfson of Sunningdale, chairman, said the group was examining how it could use its "skills in information technology, telephone ordering and product delivery in a wider way".

However, if it was unable to find an appropriate acquisition, GUS would have to examine other uses for its cash, including a special dividend or share buy-back.

Lord Wolfson's comments were interpreted by analysts as a signal that the company was beginning a determined transition from retailer to information services group.

Just seven months ago, GUS paid £1bn for the US credit and consumer information business, Experian. Yet the group's net cash balance remains healthy at £172m, and could be boosted in February when GUS is expected to receive a £500m debt repayment from its joint venture with British Land.

"Increasingly, UK mail order should be seen as a cash cow that will generate cash for further moves into information services," said one analyst.

Lord Wolfson, announcing a 2.3 per cent drop in annual pre-tax profits before exceptional items to £549.1m, admitted he was "not wedded to the company's corporate structure".

GUS shares tumbled 6 per cent from 665p to 623½p, as the company disappointed the market with a cautious current trading statement and showed no sign of a revival in home shopping.

The chairman said that profits in the opening weeks of the financial year were only just ahead of the same time last year. Analysts cut profit forecasts for this year from about £630m to £600m, partly to reflect adverse currency movements.

GUS reported a 3.5 per cent increase in sales to £2.86bn for the year to March 31. Excluding acquisitions, however, sales fell by almost 2 per cent to £2.71bn. Pre-tax profits were helped by exceptional gains of £21.5m (£18.8m), but most of the advance was eroded by a £21.7m hit from adverse currency movements.

Information services, helped by the Experian buy, lifted operating profits to £59.7m (£24.4m). Burberrys operating profits fell from £62.8m to £61.7m.

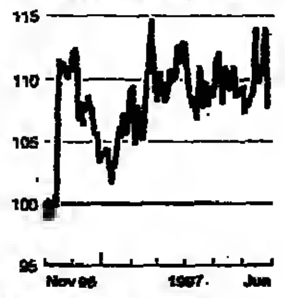
LEX COMMENT

GUS

The problem with reputations is that they create expectations. Having helped galvanise a remarkable turnround at Next, fans of Lord Wolfson were hoping for more of the same at Great Universal Stores. Yesterday's news – a small drop in profits, and a less-than-thrilling trading statement – was not the sort of fireworks the market had been dreaming about. Still, the gloom should be kept in perspective; a revolution may not be in prospect, but the man from Sunningdale has not been idle. The main development has been the big push, particularly through the Experian deal, into the fast-growing information services market. But the significance of this development has been lost sight of amid continued anxiety about home shopping. Belatedly, GUS appears to have stopped the bleeding on the agency mail-order side. But if it is to develop a decent direct-mail business, it urgently needs decent product to push through its existing infrastructure; a tie-up with a big US name may be the best route forward.

GUS

Share price relative to the FTSE General Retailers Index



Source: Datastream

For now, getting the existing portfolio to work better makes good sense. Longer term, though, the challenge must be to rationalise the six divisions, none of which require the other.

Home shopping will remain central, not least because of synergies with information services, which looks increasingly to be the way of the future. The anomaly is the vehicle financing division. With Lord Wolfson clearly not committed to the status quo, it looks likely to be the first casualty.

Charge hits First Choice

By Scheherazade Daneshkhu, Leisure Industries Correspondent

First Choice, the tour operator, revealed at its interim results meeting yesterday that accounting errors over two years had cost the company £8.6m ($14.2m).

The exceptional charge led to increased pre-tax losses of £30.9m (£23.4m) for the six months to April 30.

The group has transformed its top management since ousting Mr Francis Baron, its chief executive, in November. Mr Ian Clubb, executive deputy chairman, said the new team, under managing director Mr Peter Long, had conducted a review of financial controls. This had exposed weaknesses in the group's costing systems and accounts.

The "one-off" charge represented a "cleaning up of our accounting to get the company completely sorted out". No disciplinary action was needed and no one had benefited from the errors. "It's now behind us and with the new systems in place, it won't happen again."

Brendan Corr

Peter Long: charge was a 'cleaning up' of the accounting

Operating losses, before the exceptional item, were reduced by 5 per cent to £24.5m after improved trading in the UK market.

Turnover dropped by 3 per cent to £373.7m after an 11 per cent decline in theCanadian operations.

Operating losses in the UK were 6 per cent lower at £26.9m on turnover up 2 per cent at £230.7m. The figures reflected reduced discounting and better sales management.

Mr Long said the company was on track to lift pre-tax profit margins from 1 per cent to the industry average of 4 per cent by 1999 through better yield management and cutting £10m from costs.

Overcapacity and competition in the Canadian market led to a 17 per cent fall in operating profits to £2.4m at Signature Vacations.

Housing boom lifts Berkeley

By Andrew Taylor, Construction Correspondent

Top bricklayers in south-east England have almost doubled their earnings in the last 12 months with the housing market the strongest for a decade, according to one of the country's most successful developers.

Berkeley Group, the housebuilding and property concern, which yesterday announced its fourth successive increase in annual pre-tax profits, said skill shortages were starting to push up construction costs in what is the country's best performing regional housing market.

Group pre-tax profits rose by 73 per cent to a record £75.1m ($124m) during the 12 months to April 30.

Mr Tony Pidgley, Berkeley's managing director, said: "Demand for labour has risen sharply and we are currently paying top bricklayers £600 a week compared with £350 at the bottom of the recession."

Ceramics behind surge at Norcros

By Virginia Marsh

Operating profit at Norcros, the once troubled industrial conglomerate, rose 73 per cent to £15m ($25m) on continuing businesses last year, due to a strong performance from its core ceramics division.

Profits at the division, which comprises tiles, adhesives and Triton showers, rose 27 per cent to £13.3m in the year to March 31.

Mr Joe Matthews, chief executive, said the division had been strengthened by the acquisition of the Dunlop adhesives business for £27.3m. The Dunlop purchase was the main reason for an increase in turnover to £232.1m (£203.5m). Group sales had generally been flat.

Pre-tax profits rose to £55.2m (£13.7m) due to an exceptional gain of £45.8m on disposals. This compares with a loss of £51m two years ago, before the group embarked on a radical restructuring.

The company, which also has operations in South Africa, Australia and India, said its financial position had turned around sufficiently to enable it to make small bolt-on acquisitions.

Prices for electricity ascertained for the purposes of the electricity pooling and settlement arrangements in England and Wales

	Provisional Prices for 27.06.1997	Final Prices for Trading 26.06.1997		
1/2 hour period ending	Pool purchase price £/MWh	Pool purchase price £/MWh	Pool selling price £/MWh	TS Use of system price £/MWh
0030	12.39	14.72	14.88	1.24
0100	12.05	11.29	11.37	1.24
0130	12.05	11.29	11.37	1.24
0200	12.05	11.29	11.37	1.24
0230	12.05	11.29	11.37	1.24
0300	12.05	11.29	11.37	1.24
0330	12.05	11.29	11.37	1.24
0400	12.05	11.29	11.37	1.24
0430	12.05	11.29	11.37	1.24
0500	12.05	11.29	11.37	1.24
0530	10.02	11.58	11.58	0.00
0600	10.05	11.57	11.37	0.00
0630	10.08	11.58	11.58	0.00
0700	17.88	14.81	14.78	1.24
0730	14.08	14.79	14.88	1.24
0800	14.71	18.84	18.88	1.24
0830	20.87	21.11	21.29	1.24
0900	20.82	22.95	23.13	1.24
0930	20.28	23.79	23.87	1.24
1000	22.35	34.99	34.87	1.24
1030	22.44	34.80	34.37	1.24
1100	22.53	34.79	34.87	1.24
1130	22.47	33.29	33.46	1.24
1200	22.14	33.29	33.46	1.24
1230	42.71	33.23	33.40	1.24
1300	42.31	33.28	33.46	1.24
1330	20.29	23.23	23.40	1.24
1400	20.73	22.98	23.13	1.24
1430	18.87	22.86	23.17	1.24
1500	18.84	21.58	21.75	1.24
1530	18.82	21.88	21.75	1.24
1600	18.89	21.17	21.29	1.24
1630	18.95	21.58	21.75	1.24
1700	18.89	23.86	23.85	1.24
1730	20.09	[illegible]	28.11	1.24
1800	20.04	[illegible]	[illegible]	1.24
1830	18.29	[illegible]	28.11	1.24
1900	18.27	[illegible]	28.11	1.24
1930	18.86	21.88	21.75	1.24
2000	14.88	20.89	21.75	1.24
2030	14.88	14.81	14.79	1.24
2100	18.05	11.40	11.48	0.00
2130	18.05	14.81	14.79	1.24
2200	17.88	28.04	28.21	1.24
2230	17.82	28.04	28.21	1.24
2300	17.88	28.04	28.21	1.24
2330	12.58	22.74	22.81	1.24
2400	11.71	11.15	11.32	1.24

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.88/MWh becomes 1.888p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreement which governs the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. The Transmission Services Use of System Price (TSP) is charged by the National Grid Company plc (NGC) for the operation and development of its electricity transmission system for the purpose of optimising the costs arising from the operation of that system. Charges are calculated by NGC and are based on payments made by NGC into the Pool. TSP is also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool and on TSP on behalf of NGC by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0115 945 6789 between 8:30am and 6:15pm Monday to Friday.

©Energy Settlements and Information Services Limited

This advertisement is issued in compliance with the requirement of, and its contents have been approved by, The London Stock Exchange Limited ("the London Stock Exchange") pursuant to the section 154 of the Financial Services Act 1986 (as amended by the Public Offers of Securities Regulations 1995). It does not constitute an offer or invitation to the public to subscribe for or purchase any securities of Randgold Resources Limited.

This advertisement should be read in conjunction with the listing particulars relating to the securities mentioned below dated 26 June 1997 (the "Listing Particulars").

Application has been made to the London Stock Exchange for the securities mentioned below to be admitted to the Official List. It is expected that such admission will become effective and unconditional dealings will commence on 1 July 1997.

RANDGOLD RESOURCES LIMITED

(Incorporated in Jersey with limited liability under the Companies (Jersey) Law 1991 with registered no. 62686)

International Offer of 5,000,000 ordinary shares of US$0.10 each and Global Depository Securities (each representing one ordinary share) at US$16.50 per ordinary share or GDS

Global Syndicate

HSBC Investment Banking

ABN Amro Rothschild — Deutsche Morgan Grenfell — Société Générale — UBS Limited

The Listing Particulars have been published and copies are available for collection during normal business hours from the Company Announcements Office, the London Stock Exchange, Stock Exchange Tower, Capel Court Entrance, of Bartholomew Lane, London EC2 up to and including 11 July 1997.

Copies of the Listing Particulars are also available from HSBC Investment Bank plc, Thames Exchange, 10, Queen Street Place, London, EC4R 1BL

27 June 1997

dPA 3006/e

AMENDMENT NOTICE

National Bank of Canada

US$ 150,000,000 Floating Rate Subordinated Capital Debentures due 2087

(«the Debentures»)

Notice is hereby given that the interest rate for the period from February 28, 1997 to August 29, 1997 has been amended to 4.3125% p.a. (instead of 3.59375%) as the quarterly regular dividend on the Common Share of the Bank, declared on February 20, 1997, increased from Cdn$ 0.125 to Cdn$ 0.15.

The Interest payable on the relevant Interest Payment Date, August 29, 1997 will amount to US$ 218.02 for Debentures of US$ 10,000 nominal and US$ 2,180.21 for Debentures of US$ 100,000 nominal.

Luxembourg, June 27, 1997

The Reference Agent
Kredietbank S.A. Luxembourgeoise

Fleet Financial Group

US$100,000,000 Floating Rate Subordinated Capital Notes Due 1998

For the three months 27 June 1997 to 29 September 1997 the notes will carry an interest rate of 5.8125% per annum and coupon amount of US$15.44 per US$1,000 note.

Listed on the Luxembourg Stock Exchange.
Agent: Morgan Guaranty Trust Company

BUSINESSES FOR SALE

Appear in the Financial Times on Tuesdays, Fridays and Saturdays.
For further information or to advertise in this section please contact Marion Wedderburn +44 0171 873 4874

Flat markets restrict BPB

By Andrew Taylor, Construction Correspondent

BPB, Europe's largest plasterboard manufacturer, yesterday warned that flat continental European construction markets and a sharply rising pound would continue to restrict its profits growth.

Mr Jean Pierre Cuny, chief executive, said pre-tax profits before exceptionals for the year to March 31 had risen 9.4 per cent to £174.8m ($288.4m). Exceptional gains on disposals were £14.3m.

Mr Cuny said the rise would have been £10m higher but for the strength of sterling. The company had changed its translation policy from a year-end to an average exchange rate basis in line with other companies in the sector. Just under two-thirds of turnover of £1.39bn (£1.42bn) was generated outside the UK and Ireland.

Falling paper prices also dented group profits with operating profits at BPB Paperboard dropping 25 per cent to £13.4m on turnover down 12 per cent to £286.1m.

By comparison, operating profits from core plasterboard and plaster interests rose 7.8 per cent to £152.6m on marginally lower sterling turnover of £1.16bn. Plasterboard sales volume increased by nearly 8 per cent worldwide and by just under 5 per cent in western Europe – in spite of falls in building activity in Germany and France.

The group, which last year opened Europe's biggest plasterboard plant in Berlin, also increased sales in eastern and southern Europe, albeit from a low base.

Capital investment in new plant and reduced production costs helped building material margins rise by 1 per centage point to 13.1 per cent. Plasterboard prices generally had remained firm.

Capital expenditure was £107.1m (£88m) and will remain high following recent expansion in South America and plants under construction in Poland and the Czech Republic.

Jean Pierre Cuny: strong pound took £10m off profits

Abbey to buy Cater Allen for £191m

By George Graham, Banking Correspondent

Abbey National, the financial services group, yesterday launched a recommended cash offer for Cater Allen, valuing the former discount house and private banking group at £191m ($315m).

Abbey is offering 580p a share. Cater will also pay a second interim dividend of 21p after reporting profits before tax and exceptionals 9 per cent lower at £19.3m for the year to April 30.

Cater's shares, which were still trading cum dividend yesterday, closed at 595p.

Abbey's offer price is equal to 14 times last year's earnings per share of 40.8p.

Mr Peter Birch, Abbey's chief executive, said Cater would enhance his company's treasury services division and help it to expand offshore banking services.

Abbey's own Jersey operations are already earning £10m a year, Mr Birch said, but have been prevented from growing faster by restrictions on the number of people it is allowed to employ on the island.

Cater's Jersey unit will double Abbey's offshore banking income and bring an extra 150 people, as well as helping Abbey build a trust operation.

Mr Birch also noted Cater's stock lending and share dealing services as areas which could be developed.

Abbey, which was the first building society to convert and float in 1989, manages its own share register but does not have its own share dealing operation.

RESULTS

		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Dividends: Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Asda	53 wks to May 3	6,952	(6,042)	405.2♥	(311.5)	10.86	(7.96)	2.24	Oct 2	1.93	3.05	2.65
Atkins (WS)	Yr to Mar 31	328	(235.8)	24.9♠	(19.8♠)	15.6	(12.6)	4.85	July 31	-	6.9	-
Berkeley	Yr to Apr 30	485.3	(334.3)	75.1	(43.4)	51.4†	(34.6)	7	Sept 1	6.2	9.5	8.5
Bournemouth & West	Yr to Mar 31	25	(24.2)	8.98	(8.86)	18‡	(12.3)	-	-	-	-	-
BPB	Yr to Mar 31 ♦	1,386	(1,423)	189.1♥	(161.4♠)	25	(20.4)	6.75	Aug 22	6.35	10.3	9.7
Cater Allen	Yr to Apr 30	-	(-)	17.1♠	(14.6♠)	40.8	(33.1)	21#	July 1	21	30	30
Christie	Yr to Mar 31	20.3	(16.9)	0.707	(0.06)	2.57	(0.25)	1	Sept 10	nil	1	nil
Cliveden	6 mths to Apr 30	5.04	(3.66)	0.312	(0.267)	0.88†	(1.1)	0.9	Oct 17	0.1	-	1.6
Debenham Tewson	Yr to Apr 30	68.2	(59.6)	4.89♠	(2.28)	6.19	(2.78)	1.5	Sept 12	0.9	2.4	1.5
Dringo of Bath Φ	Yr to Mar 31	3.61	(3.08)	0.109	(0.149♠)	0.11†	(0.22)	-	-	-	-	-
First Choice	6 mths to Apr 30	373.7	(386.2)	30.9L♠	(23.4L)	9.4L†	(7.6L)	0.9	Nov 3	1.4	-	2.8
Fitness First Φ	6 mths to Apr 30	2.38	(1.75)	0.615	(0.313)	1.48†	(1.3)	-	-	-	-	-
GUS	Yr to Mar 31	2,855	(2,758)	570.6♥	(581.1♥)	37.6	(38.4)	12.5	Oct 29	11.5	16	16.5
Hardys & Hansons	6 mths to Apr 4	17.1	(16.3)	4.01♥	(3.82)	10.807	(10.231)	4.2	Aug 4	3.8	-	10.6
IES Φ	6 mths to Mar 31	2.37	(1.7)	0.907L♠	(0.275L)	4.5L†	(1.3L)	0.2	Aug 15	0.6	-	1.6
Jones & Shipman	Yr to Mar 31	20.4	(19.4)	1.66	(1.73)	5.7	(6.2)	1	Aug 22	-	1.5	1
Kewill Systems	Yr to Mar 31	41.3	(35.2)	7.43	(6.06)	40.5	(33.7)	6	Oct 1	5	9.6	8
Middlesex	Yr to Dec 31	178	(39.2)	8.02	(5.19)	0.82†	(0.61)	0.1	Sept 5	0.077	0.1	0.077
ML Holdings	Yr to Mar 31	101.6	(110.8)	8.16	(11.3L♠)	3.3	(7.5L)	1.2	Oct 6	1.05	1.6	1.4
Norcros	Yr to Mar 31	234.6	(285.5)	55.2♥	(13.7♥)	30.1	(5.7)	1	Aug 1	nil	2	nil
Regalian Props	Yr to Mar 31	42.9	(16.6)	4.02♥	(1.68♥)	2.44†	(1.38)	0.6	Aug 11	0.5	1	0.5
Sylinna	Yr to Mar 31	76.4	(65.2)	5.66♥	(4.31)	14.96	(12.88)	4.4	Oct 6	3.92	6.4	5.72
Xavier Computer Φ	Yr to Mar 31	8.96	(0.457)	0.582♠	(0.086L♠)	0.85	(0.29L)	-	-	-	-	-

Investment Trusts		NAV (p)		Attributable Earnings (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Abtrust New Dawn	Yr to Apr 30	254.45	(283.44)	1.06	(0.786)	2.47	(1.82)	1.65	Sept 3	1.15	1.65	1.15
Archer Dedicated Φ	Yr to Dec 31 ★	102.6	(100.6)	0.139	(0.053)	2.11†	(1.35)	0.8	Aug 12	-	1.6	-
CLM Insurance	Yr to Dec 31 ★	117.40	(106.83)	10.8	(1.5)	12.6	(1.77)	8.08	Aug 29	1.27	10.78	2.7
Fidelity Asian	56 wks to Apr 30	103.15	(-)	0.348	(-)	0.34	(-)	-	-	-	-	-
Gresham House	Yr to Dec 31	31.8	(10.7)	0.714	(1.48)	18.6	(34.8)	0.25	Aug 15	nil	0.25	nil
Murray Split Cap	9 mths to May 31	285.9	(233.7‡)	0.568	(-)	7.1	(-)	2.9‡‡	Oct 3	2.75	-	11.4

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. ♠After exceptional charge. ♥After exceptional credit. †On increased capital. ‡‡‡‡On reduced capital. ♦Figures reflect change in translation policy from year-end to average exchange rate basis. #Second interim in lieu of final. ΦAim stock. ★Comparatives restated. ‡At August 31. ‡‡Third interim: makes 8.7p to date.

BUSINESSES FOR SALE

PIRAEUS *Finance*

5, Souri, str., & 20, Amalias str., 105 57 Athens GREECE

CALL FOR TENDERS FOR THE SALE OF ASSETS OF THE COMPANY "NIGRITA COTTON GINNING VISALTIS S.A."

"PIRAEUS FINANCE, Financial and Consultancy Services PLC", with registered offices in Athens, Greece (5 Souri str., and 20 , Amalias str.) acting as special liquidator of the a/m company, according to the provisions of judgement 3591/97 of the Athens Appeal Court, following instructions of BANK OF PIRAEUS S.A., creditor as per L 1897/90, art. 46a par.1:

INVITES

Tenders to submit sealed binding offers for the purchase of the assets of the a/m company.

ACTIVITIES AND SUMMARY INFORMATION

The company owns a cotton ginning plant located at village Houmnico, district of Serres, Greece.

Assets consist of 25.003 m², buildings of total gross area of 6000 m² including offices of 322m², warehouse sheds of 2500m², ginning factory of 3000m². The main frame of buildings is made of armed concrete, the walls and roofs of concrete and panels. The land is fenced; there are asphalt roads, fire protection system, weight bridge in the surrounding area. Machinery and other equipment, trade name are included. For detailed description of the company's assets please refer to the Information Memorandum.

TERMS AND CONDITIONS OF THE AUCTION

1. The auction will take place in accordance with L1892/90 art. 46a as amended, the terms set forth herein and the terms of the Information Memorandum. Such provisions and terms apply irrespectively of whether they are mentioned herein or not. Submission of binding offers shall mean acceptance of all above terms and provisions.
2. Applicants may receive the Information Memorandum and request other information against letters of confidentiality.
3. Applicants are invited to submit sealed binding offers to the Notary Public Nicolaos Stasinopoulos, of Athens, 81, Acadimias str., 2nd floor, tel: 3800274, not later than 21 July 1997, Monday 12.00 noon, in person or duly authorized representative. Out of date offers shall not be accepted nor considered.
4. Binding offers must be accompanied by a Letter of Guarantee for an amount of GDR 150.000.000 issued by a first class Bank legally operating in Greece, valid until the execution of the assets transfer Deed, regarding the highest bidder and the adjudication regarding the other participants.
5. The binding offers shall be unsealed by the a/m Notary at his office on 21 July 1997, Monday, 14.00 h. Any party who has duly submitted offer is entitled to attend above process.
6. Offers should expressly state the offered price, the way and time of payment, cash or on credit, interest rate if any on the credited amount, number of installment dates of payment, etc.
7. The highest bidder should be available to accept terms and conditions securing his conformity to all the terms of his offer.
8. The main criteria of offers evaluation shall be a) the amount of the price b) securities offered for the payment of any credited amount and compliance to the terms c) credit worthiness and d) business plan.
9. Highest bidder will be considered the participant whose offer will be assessed by the creditor BANK of PIRAEUS S.A., upon recommendation of the liquidator to be in the best interest of the company's creditors.
10. The assets of the company will be sold and transferred "as is" regarding their material and legal condition and location at the date of execution of the transfer Deed. The liquidator, the company under liquidation and the creditor shall have no liability for material or legal defects or lack of properties or incomplete description thereof in the Information Memorandum. Participants are obliged to investigate and evaluate the assets, at their own expense, means and responsibility. Submission of an offer shall mean that the participant is fully aware on the material and legal condition of the assets.
11. The liquidator shall give written notice to the highest bidder to appear on the date and place mentioned therein and execute the Deed of sale in accordance with the terms contained in his binding offer and/or any other improved terms, which may be suggested by the creditors and agreed upon. In the event of the highest bidder not complying with such obligation, the Letter of Guarantee shall be forfeited as a penalty. Adjudication shall be deemed to take effect upon execution of the sale Deed.
12. The Liquidator and the creditors shall have no liability nor obligation whatsoever towards the participants in relation to the evaluation of the offers or the selection of the highest bidder or any decision to repeat or cancel the Auction or any decision whatsoever in connection with the procedure of the Auction. Submission of binding offers shall not create any right for the adjudication nor the participants shall acquire any right, power or claim from this Call and / or participation in the Auction against the liquidator and / or the creditors for any reason whatsoever.
13. This Call was prepared in Greek and English, the Greek text prevailing.

For any information please contact the liquidator Athens, 8 Souri str., and Amalias str., 2nd floor, Tel. 33.35.671-2.

REPUBLIC OF POLAND
MINISTER OF THE STATE TREASURY
INVITATION TO NEGOTIATIONS

The Minister of the State Treasury, acting on behalf of the State Treasury of the Republic of Poland, in accordance with Art. 33 par.1 of the Law on Commercialisation and Privatisation of State-Owned Enterprises of August 30, 1996 (Dz. U.No.118 item 561 as amended) invites to negotiations all parties interested in purchasing at least 10% of shares in the share capital of

The Polish Baltic Shipping Joint Stock Company seated in Kołobrzeg

(Polska Zegluga Baltycka Spółka Akcyjna)

hereinafter referred to as PZB SA or "the Company".

According to Article 36 of the above referenced law, entitled employees will be offered a total stake of up to 15% of shares in the share capital of PZB SA free of charge. According to Article 56 of the Law, at least 10% of shares in the share capital will be reserved to support the pension system.

According to the Resolution of the Council of Ministers, No. 86 of October 4, 1993, 5% of shares in the share capital will be reserved by the State Treasury for reprivatisation purposes.

The Company's activity is carrying passengers, cars and cargoes by ferries, ro-ro vessels as well as general cargo vessels, organising sea tourism, organising shopping, catering and entertainment on board for domestic and foreign contractors, running port services, building and renovation works.

Parties interested in purchase shares of the Company are requested to send expressions of interest including:

- party name, address and legal status,
- valid excerpt from the commercial register or certificate of registration in economic activity record,
- authorisation for the person acting on behalf of the party,
- general information about party activity,
- brief statement of reasons for interest to purchasing Company shares to the Ministry of the State Treasury to Department of Companies Privatisation and Restructuring. Parties that sign the Confidentiality Agreement will be provided with an Information Memorandum containing detailed information on the Company, privatisation procedure and content of initial offers.

Expressions of interest should be sent by post or by fax to the following address:

Ministerstwo Skarbu Panstwa
Departament Prywatyzacji Spółek i Restrukturyzacji
ul. Krucza 36/Wspólna 6, 00-522 Warszawa
tel: 695 87 92. fax: 629 80 97

Initial offers of purchasing of Company shares should be submitted to the Ministry of the State Treasury in Warsaw, ul. Krucza 36/Wspólna 6, room 477 by September 5, 1997, 3.00 pm Warsaw time.

The Minister of the State Treasury reserves the right to extend the deadline for submitting offers, reject submitted offers, not to undertake negotiations without explanation or to change the procedure.

KPMG

Baric Limited
(in administrative receivership)

The Joint Administrative Receivers offer for sale the business and assets of Baric Limited, designers and manufacturers of oil lubrication/seal oil systems for the rotating machinery market.

Principal features include:

- Specialists in API 614, API 810 working to all leading oil and petrochemical specifications.
- Office and workshop premises circa 18,000 sq.ft. at Baltic Road, Felling Industrial Estate, Gateshead, Tyne & Wear.
- Experienced workforce.
- Blue chip world wide customer base including major suppliers to the oil and gas industry.
- Turnover circa £4 million.

For further information contact:
The Joint Administrative Receiver, Julian Whale, KPMG, Quayside House, 110 Quayside, Newcastle Upon Tyne NE1 3DX.
Tel: 0191 4013700. Fax: 0191 4013750.

KPMG Corporate Recovery

KPMG is authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

LEONARD CURTIS

BY ORDER OF JOINT ADMINISTRATORS
C. MACMILLAN FCA & D.J. POWER FCA

IN THE MATTER OF
AVIALINK LIMITED

Offers are invited for the sale of the business and assets of the above

- Pallet manufacture business
- Annual turnover of £1 million
- Blue chip customer base
- Semi-automatic pallet making machinery
- Loyal workforce

Enquiries should be addressed to Joanne Quinn

Leonard Curtis & Partners, Chartered Accountants

Peter House, Oxford Street, Manchester M1 5AB Tel: 0161 236 1955 Fax: 0161 228 1929

Coopers & Lybrand — FROZEN VEGETABLE PROCESSOR

Anglian Processors Limited

The Joint Administrative Receivers, Jonathon Sisson and Amanda Robertson, offer for sale the business and assets of this substantial independent frozen vegetable processing company which operates from Merton, Near Watton, Norfolk.

Principal features of the business include:

- 3 vegetable processing lines with blast freezers and packaging plant housed in 187,000 sq ft
- 3000 pallet (277,000 cu ft) cold store with mobile pallet racking system
- 12 acre long leasehold premises, 82 years to run
- 73 employees, £10m turnover, 21,000 tonnes pa
- blue chip UK customer base plus 20% exported (Italy and Germany)

For further information, please contact Stephen Oldfield or James Martin of Coopers & Lybrand, The Atrium, St Georges Street, Norwich, NR3 1AG. Tel: 01603 815244. Fax: 01603 631060.

Coopers & Lybrand is authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

WILLIAM HILLARY

GOLF CENTRE

- M1 4 miles, central London 35 miles
- Turnover in excess of £750,000 per annum for last 5 years (£895,000 for Y/E 28-2-97). Founded 1972
- 18 holes (SSS 66), clubhouse and floodlit driving range
- Substantial food and beverage income: £395,000 for Y/E 28-2-97

FREEHOLD FOR SALE

Details from:
WILLIAM HILLARY LEISURE & HOTELS
47 HIGH STREET, SALISBURY, WILTS SP1 2QF
TEL: 01722 327101 FAX: 01722 411603

LEISURE & HOTELS

FOR SALE
GENERAL BUILDING CONTRACTING COMPANY

Tax losses £600,000. Excellent Potential as main contractor, approved on contracts up to £3½m with blue chip clients. 8 years trading history. Key management, London based office (short lease) shareholder wishes to sell majority of holding so as to concentrate on separate overseas business.

Only genuine interested parties should write to John Williams, 8 Mellor Court, 79 Shepherds Hill, London N6

LEVY GEE CHARTERED ACCOUNTANTS

Alexander Wright & Co (Westminster) Limited - In Receivership

The Administrative Receivers offer for sale the business and assets of this long established company based in Sutton, Surrey.

- Annual turnover circa £1 million
- Approx. 110 year lease
- Blue chip customer base

Contact Mike Bowell at Levy Gee, Weltam House, 56 Dingwall Road, Croydon CR0 0XH. Tel: 0181-681 8369. Fax: 0181-681 8402.

MANAGEMENT

John Kay

Know your place

One solution to the strategic dilemma faced by many businesses is to identify areas of competitive advantage

Standard Life and National Westminster are two businesses in tbe news. Each are organisations with a great past behind them. Each of them has a name which commands envy and respect. Each of them bas well-publicised problems. And, altbougb tbe businesses and problems are very different, there is an important sense in which the issues they face are the same.

The banks which were central to the Britisb economy in tbe 20tb century are products of the 19th century. They came into axistence in order to mobilise the small savings of individuals and lend tbem on to growing companies. Their effectiveness rested on the local knowledge of their managers. These managers were traditionally key figurea in the local community. Tbeir local knowledge gave confidence to depositors and allowed ahrewd and informed assessments of the viability of the businesses the banks supported.

There were some advantages to scale in banking. National coverage gave depositors confidence in tbe stability of tbe inatitutions whicb tbey trusted with thair savings. An lnstltution witb branches from Carlisle to Camborne seemed likely still to be there when savers wanted their money back. The marble banking balls and grandiose head offices reinforced tbe sense of permanence.

And bigger banks were needed to bandle bigger borrowers.

By the 1920s the number of leading clearing banks in Britain was reduced to five. Midland, its roots In Britain's manufacturing heartland, was not just the largest bank in Britain; it was the largest bank in the world. Its rivals – Barclays, Lloyds, National Provincial and Westminster – were not too far behind.

But around this time, the rationale for tbe banka' traditional collection of functions disappeared. Securities markets developed. That meant that you did not need to be a big financial services retailer to lend money to large corporations. And the skills involved in the two activities of retail deposit taking and buainess lending, once rather similar, had become quite distinct.

Nobody really noticed. As competitive presaures increased, the British banks followed the usual strategies of companies which do not really know what to do. They sougbt greater size by merger and internal expansion, and engaged in nnfocnsed diversification into new businesses and new areas of the world. All of that was irrelevant, or worse. One final mega-merger created the National Westminster Bank, but the government blocked fnrtber concentration.

Banks discovered that it is easy to meet targets for growing your balance sheet so long as you are not too bothered about getting your money back. And they lost a packet buying stockbrokers and American banks.

Standard Life, too, had a golden era of success. It pioneered the retailing of equities to a mass market. Thst was not wbat tbe business said it waa doing; in fact, if it had, it would probably have been stopped. But by packaging equities as a life insurance prodnct, it avotded restrictive regulation and secured effective distribution.

> Each business has found that when you unpick the individual things they do, most of them are performed better by someone else

There was not a long-term businesa there. It became easier, both legally and operationally, to sell shares more directly to individuals. And once that happened, there ceased to be a rationale for linking the three main things which Standard Life did: financial services retailing, investment management, and the underwriting of risks.

Standard Life's response has been another standard recourse for those with no easy strategic options: if you are not doing well anougb at what you are doing already, try aomething else. Become a bank, or an investment management bouse. But there do seem to be quite a lot of well capitalised banks and successful investment management houses around already.

Wbat National Westminster and Standard Life have in common is that esch embrsces a range of functiona which were aensibly undertaken together at a particular point in history, but for whicb tba ratlonale of combinatlon bas now disappeared.

And eacb business has found that wben you unpick the individual things they do, most of tbem are performed better hy someone else. The banks found that their retail depoalt services were upstaged hy building societiea, that their merchant banking arms found it difficult to match the resources and professionalism of specialist investment banks, and that lending to very large corporate and sovereign horrowera was so competitive that no one has made any money out of it, or is ever likely to.

Britisb insurers learnt that thalr retailing capabilities were very limited in competition with people wbo bad branch networks – or a red telephone; their investment skills were inferior to those of specialist fund managers; and that their underwriting was outstripped in professionalism by continental reinsurers.

So what should businesses faced with these kinds of strategic dilemmas do? The main requirement is to identify which of the many activities sucb a business will be engaged in are ones in whicb It has an ongoing competltive advantage. What can you do that others cannot readily do as well? Lloyds did this in tbe 1980s wban it understood tbat its strengths were in retail financial services and lending to small businesses, and quit tbe more glamorous but less profitable activities which required it to compete with every otber bank in the world.

But aometimes atrategic dilemmas have no solution. This is difficult for executives to accept, but not all questions have answers. Sometimes the proper job of managers is to presida over an orderly transfer of the activities they control to other businesses. This does not often happen quickly or without tbe costs and uncertainties associated with the takeover process. Perhaps it should.

The author is a director of London Economics and director of the School of Management Studies at Oxford University. This column appears fortnightly.

Mark Wössner: a need for synergies across the media group

In search of a modern structure

Frederick Stüdemann on Bertelsmann's rethink

Bertelsmann, the third largest media company in tba world, is often held up as a model of corporate management in Germany. In spite of its size, bowever, it has always played up its origins as a small-town publisher and has maintained a decentralised structure.

The company bas been one of the most noticeable examples of Mittelstand – small and medium-sized business – success. But now, principally as a result of sweeping change in the media sector, Bertelsmann is having to rethink its management structures, including the way in which its prized decentralisation works. Possible changes include the flotation of some of the group's businesses – a significant move for tbe privately owned company.

Originally a printer of hymnals and hibles, based in the Westfalian town of Gütersloh, the company was rebuilt after 1945 hy Reinhard Mohn, who expanded successfully into book clubs and general publishing.

The money earned from these activities financed the acquisition of the majority of Gruner + Jahr, the magazine and newspaper publisher. Other acquisitions, in the 1980s, included the US companies Doubleday, the publisher, and record label RCA.

While the company bas long outgrown tbe Mittelstand and Gütersloh – last year it had sales of DM21.5bn (£7.5bn) and net profits of DM905m – Mohn sought to keep Bertelsmann, in spirit at least, close to its roots. Rather than opting for a monolithic structure, a web of Mittelstand-like entities was created in which managers are encouraged to behave as if they were running their own companies.

While Mohn, wbo stood down as chief executive in the 1980s, sought to retain tbe vigour of Mittelstand culture, he also tried to resolve the issues of ownership and generational change which often plague Mittelstand companies. He created a charitable foundation which owns the majority of the shares in the company, creating a structure wbich appeared to offer the best of all worlds. While retaining Mittelstand character in the group's subsidiaries, it eliminated some of the risks that go with family ownership and avoided the pitfalls of going public.

Recently, however, tbe decentralised structure has been called into queation. Mark Wössner, chief executive, engaged consultants to canvass tbe most senior managers. The results gave him a sbock: rather than basking in the independence, the managers complained about the lack of synergies across the group.

Says Wössner, wbo joined Bertelsmann nearly 30 years ago: "Decentralisation brought all of us into this company. I would not have come here if I hadn't known I had the chance to run a company [profit centre] at a young age."

Wössner says the goal now is to create more "cross-sections" in areas such as information tecbnology within the group – without undermining tbe autonomy of managers. "Back-office and infrastructure processes can be centralised. But the operational autonomy and tbe cultural and national approacb in the different countries will he maintained," he says.

For Wössner, the implementation of reforms also has a personal dimension, for he is due to stand down as chief executive next year. Before he goes he would like to leave his successor – thought most likely to be Thomas Middelhof, the board member responsible for the group's new media activities – with a reinvigorated structure.

Tbe wider structural changes stem from developments wbicb include the rapid growth ln electronic media and entertainment. Bertelsmann helieves that within the next 10 years these areas will make up more than half of tbe group's business, putting traditional activities such as printing and hook publishing in the shade.

The effects of the shift are already being felt. Gruner + Jahr, for example, notes that the share of the total German advertising market taken hy print has been shrinking as commercial television has expanded. Tbe development of the internet and online services, in which Bertelsmann is involved through a majority stake in AOL Europe, an internet service provider, is blurring traditional divisional boundaries.

The greater emphasis on electronic media, which was underscored last year with the DM1.5bn merger of tbe group's Ufa broadcasting and film subsidiary with CLT of Luxembourg, is also an expensive development.

Siegfried Lutber, group chief financial officer, says the reason for considering floating parts of BMG Entertainment, which includes the group's music, broadcasting and film activities, is that tbe cost of acquisitions in these areas is likely to be bigh.

But for Wössner a possible flotation of parts of BMG Entertainment needs to be seen within the context of the relationship between Bertelsmann's corporate headquarters in Gütersloh, and its four main divisions – book publishing and clubs, printing, Gruner + Jahr, and BMG Entertainment.

One option was to reduce Gütersloh to a holding company, with substantial arm's length investments in companies across the globe. Wössner says this was rejected on the grounds that it would disturb the group's valuable "family culture".

But just how close such family ties are remains to be seen. For example, sales and profits at CLT-Ufa, in which Bertelsmann has a 50 per cent stake, are not consolidated into those of the group, suggesting that some relations are already more distant than others.

US demand lifts France and Germany

GOVERNMENT BONDS

By Michael Lindemann in London and John Labate in New York

European bond markets appeared undecided yesterday, following strong rallies for most of this week. Towards the close, however, several markets, mainly France and Germany, seemed to benefit from US demand as investors worried about the effects a Japanese sell-off would have on Treasuries.

FRENCH OATs put in the strongest performance, closing just below their intra-day high. Analysts said the market bad also been cheered by the ministerial instruction letters for the 1998 budget.

These contained no precise deficit targets, which was seen as increasing the likelihood of a soft Euro that would start on time.

The September notional future settled at 129.42, up from 129.14 a day earlier.

GERMAN BUNDS held firm, outperforming US Treasuries by six basis points. The September bund future settled at 101.88, up 0.17.

ITALIAN BTPs ended lower as investors took profits after the upward sprint over recent days.

Hopes remained high thet the Bank of Italy would cut interest rates shortly, leaving the yield curve very flat.

"There's a strong case for investors to start shortening Italian duration for better returns ahead," said Mr David Brown, chief European economist at Bear Stearns.

The September BTP future settled at 134.30, down 0.28, while the yield spread over bunds lost some of its recent advances, widening to 118 basis points from a record 112 points a day earlier.

After frenzied activity earlier this week SPANISH BONOS closed unchanged. The September future settled at 116.96.

Analysts said the long bono had broken through the key 117.05 mark but that had failed to spark further demand. Some eaid bonos could correct downwards a bit ahead of next week's bond auction when Spain will, for the first time, offer strippable bonds.

Indecision about the look of the forthcoming UK budget continued to take its toll on UK GILTS.

"I can't see us going very far before the budget," one trader said. "There is nothing due here or abroad to look forward to until July 2."

The September future ended unchanged at 113$\frac{19}{32}$. "The September contract ran into a load of stops around 114 which sent it lower, but there is support at 113¾ which should provide an adequate floor," said Mr Mark Henry, analyst at the GNI brokerage.

Today sees the release of final UK GDP figures but analysts suggested that a revision of preliminary figures was unlikely.

US TREASURY prices were lower in early afternoon trading in New York following Wednesday's steeper declines. The benchmark 30-year bond fell $\frac{1}{16}$ to 98$\frac{13}{16}$, sending the yield up to 6.754 per cent.

The 10-year issue was $\frac{1}{32}$ lower at 101$\frac{1}{16}$, yielding 6.468 per cent, while two-year notes slipped by $\frac{1}{32}$ to 99$\frac{29}{32}$, yielding 6.034 per cent.

Despite Wednesday's much weaker than expected data for May durable goods orders, which declined 0.6 per cent for the month, analysts sifting through the data have spotted bullish trends in the economy.

"Non-dafence capital spending is relatively strong and trending upward in the second quarter," said Ms Cheryl Katz, senior economist at Merrill Lynch. This indicator could be a bullish sign for inflation, she said.

In another sign of strength, existing home sales rose dramatically in May, as reported on Wednesday, with a 4.4 per cent rise for the month, well ahead of consensus estimates by economists.

"It was stunning," said Mr David Munro, chief US economist at High Frequency Economics. The pace of home buying was one more sign that typically cyclical sectors continue to surprise economists, he added.

Second-quarter growth, although more benign than the heady 5.6 per cent pace in the first quarter, is still expected to be on track with tha Federal Reserve's goal of moderate economic growth.

Economiets continue to expect no tightening by the Fed when it meets in July.

Strong response to Jamaica $200m debut

INTERNATIONAL BONDS

By Edward Luce

The Government of Jamaica charmed the euromarkets yesterday with its first ever international bond offering. The $200m five-year debut, which was priced to yield 335 basis points over Treasuries, captured investors' imagination.

An official described the response as "almost insane", with the bond tightening to a spread of 290 basis points over Treasuries. "Investors love a good emerging market story and Jamaica fits in with that profile," said an official at Bankers Trust, sole arranger.

Strong demand from mainstream US and European institutional investore encouraged Jamaica to double the size of the issue and tighten the price from the scheduled target of about 350 basis points over Treasuries.

The country, which is unrated, plans to retire more expensive debt with some of the proceeds. An official, who said the decision to play Bob Marley tracks at the roadshow might have had a bearing on the party atmosphere, expected the paper to widen a little after the initial euphoria.

Sovereign paper was in fashion elsewhere yesterday with ARGENTINA issuing its first europeso bond in a five-year maturity. The 500m peso offering was priced to yield 244 basis points over US Treasuries and 67 basis points over the Argentine government yield curve.

As a dollarised economy, the peso has the same value as the US dollar. "European investors are now comfortable with the fact that europesos are essentially fungible with US dollars," said an official at DMG, sole lead manager.

The pricing, which was significantly tighter than 160 basis points (over the Argentine curve) offered on its debut 10-year europeso bond in January, reflected growing investor comfort with the idea of europeso debt, said the official.

Argentina hopes to establish a europeso yield curve for Argentine corporate borrowers. Much of the paper was bought by epecialist hedge funds.

DENMARK also won strong backing for its four-year $300m offering. An official at DMG, sole arranger, said it tightened from 15 basis points (over three-year Treasuries) to a spread of 10 basis points quite rapidly. One or two rival officials described the paper as generously priced bnt the DMG official said it was "priced to be an attractive issue". The unusual four-year maturity reflected Denmark's borrowing requirements, he added. About one-third of the paper went to the Far East.

NEW ZEALAND also tapped the US dollar sector yesterday with its largest fixed-rate offering in more than five years. The $300m three-year deal was priced to yield two basis points over Treasuries. It was trading flat to re-offer last night. Swiss retail investors were among the buyers.

"The European market is getting bored with jumbo issues from German banks," said one banker. "Sovereign paper is very much the flavour of the moment."

Elsewhere, BRITISH AEROSPACE tapped the Yankee market for the first time since 1992 with a $200m 10-year issna priced at 58 basis points over Treasuries and a $500m 30-year deal at a spread of 78 basis points.

An official at J. P. Morgan in New York said the issue was priced at the tighter end of the indicated range owing to BA's "much improved name".

New international bond issues

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book-runner
US DOLLARS							
Kingdom of Denmark	300	6.375	99.852R	Jul 2001	22.50R	+15(6%%-00)	Deutsche Morgan G'fell
Govt of Jamaica	200	9.625	99.786R	Jul 2002	0.875R	+335(5yrUST)	Bankers Trust Intl
Banco America do Sul	70	8.625#	99.80R	Jul 2000	0.750R	+250(3yrUST)	Credit Lyonnais
BNCE	300	8.0	100.00R	Jul 2002	0.375R	+168(6½%-02)	BTI/Banco Santander
New Zealand	300	6.25	99.944R	Jul 2000	0.188R	+2(3yrUST)	Nikko
D-MARKS							
KfW(s)	500	5.00	99.82R	Dec 2003	0.275R	+8(6%Sep03)	Lehman Bros/DGZ Bank
AUSTRALIAN DOLLARS							
Fannie Mae	1bn	6.50#	99.843R	Jul 2002	0.250R	+19½(9¾%-02)	Deutsche/Merrill/SBC
DANISH KRONER							
Inter-American Devel Bank(s)	400	5.25	101.95	Dec 2002	1.875	-	Paribas Lux
SOUTH AFRICAN RAND							
Swedish Export Credit	1bn	zero	3.14	Dec 2027	0.25		Hambros
ARGENTINE PESOS							
Republic of Argentina	500	6.75#	99.840R	Jul 2002	0.750R	+244(6¼%-02)	Deutsche Morgan G'fell

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. ‡ Floating-rate note. #Semi-annual coupon. R: fixed re-offer price; fees shown at re-offer level. i) Over interpolated yield. s) Short 1st coupon.

CAPITAL MARKETS NEWS DIGEST

Turkish bank to pay more for loan

Turkiye Is Bankasi, Turkey's largest private sector bank, is finalising a $250m syndicated loan which is expected to be priced at a higher spread than its previous foray into the market. The one-year deal, which is being arranged by a 14-strong banking syndicate, is the latest in a number of Turkish banking deals in the euromarkets.

Unlike almost all other emerging market borrowers, Turkey's leading banks have seen their cost of borrowing rise this year in the wake of the country's deteriorating credit situation. The main credit rating agencies have downgraded the Republic of Turkey this year in response to growing concern about its lack of political stability and runaway rates of inflation.

Turkiya Is Bankasi last tapped the syndicated debt market in December 1996 with a $160m loan at a margin of 50 basis points over London interbank offered rate and top-end fees of 34 basis points.

Other Turkish deals in the pipeline include Halk, which is expected to pay 80 basis points over Libor compared with 75 basis points last year, and Turkey's Exim Bank, which will be charged a spread of 75 basis points over Libor. *Edward Luce, London*

Polish bank concludes sale

Bank Handlowy, Poland's largest bank by equity, yesterday concluded an agreement to sell 24 per cent of its equity to three core investors, J. P. Morgan, Swedbank and Zurich Group.

The three originally hoped to take a 30 per cent staka in Bank Handlowy, which had a public offering earlier this month, but had their tranches reduced to 24 per cent because of strong institutional and retail demand.

They will pay 20 zlotys a share on closing and a further 11.40 zlotys a share on the third anniversary of the closing plus 10 per cent of the increase in Bank Handlowy's market capitalisation over $1bn. *Michael Lindemann*

NTL to list on Easdaq

NTL, the US-based group which has large telecoms and cable television operations in the UK, yesterday said it would become the twelfth company to list on Easdaq, the Brussels-based stock market for high-growth companies.

The admission to Easdaq means the company's stock can now be traded on both Easdaq and Nasdaq, the US market on which Easdaq is modelled. The company was originally listed on Nasdaq in 1993 as International CableTel but changed its name last year after acquiring NTL, the UK group.

In the year to December 31 NTL reported an operating loss of $157m on group sales of $228m. In the three months to March 31, the operating loss totalled $45m on sales of $106m.

NTL, which hopes to start trading its stock in early July, said it was listing on Easdaq because it wanted more exposure to European investors, given its UK activities. *Michael Lindemann*

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		10.000	10/07	120.8303	-0.740	7.11	7.04	7.67
Austria		5.750	04/07	99.4100	+0.120	5.83	5.92	5.76
Belgium		6.250	03/07	103.6100	+0.100	5.75	5.85	5.85
Canada *		7.250	06/07	107.6800	-0.590	6.20	6.16	6.53
Denmark		7.000	08/07	105.1600	+0.160	6.30	6.41	6.32
France	BTAN	4.750	03/02	100.8319	+0.130	4.55	4.67	4.89
	OAT	5.500	04/07	99.6000	+0.260	5.55	5.66	5.64
Germany Bund		6.000	07/07	102.4800	+0.150	5.67	5.79	5.77
Ireland		6.000	08/06	109.9300	-0.070	5.52	6.57	6.61
Italy		6.750	02/07	100.1100	-0.290	6.73†	6.78	7.06
Japan	No 148	5.600	06/02	117.3879	+0.080	1.80	1.64	1.72
	No 182	3.000	09/05	103.6251	+0.070	2.47	2.39	2.46
Netherlands		5.750	02/07	101.5000	+0.140	5.54	5.65	5.67
Portugal		9.500	02/06	121.2500	+0.050	6.24	6.29	6.39
Spain		7.350	03/07	107.2800	+0.030	6.31	6.41	6.56
Sweden		8.000	08/07	109.5438	-0.080	6.67	6.73	6.95
UK Gilts		7.000	06/02	99-26	+1/32	7.04	7.10	6.96
		7.250	12/07	101-06	-	7.09	7.16	7.08
		5.000	10/08	114-08	-1/32	7.14	7.24	7.15
US Treasury *		6.625	05/07	101-03	-12/32	6.47	6.41	6.69
		6.625	02/27	98-10	-19/32	6.76	6.69	6.90
ECU (French Govt)		7.000	04/06	107.9300	+0.250	5.82	5.97	0.00

London closing. *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: Standard & Poor's MMS.

US INTEREST RATES

Latest		Treasury Bills and Bond Yields			
Prime rate	8½	One month	-	Two year	6.05
Broker loan rate	7¾	Two month	-	Three year	6.10
Fed.funds	5½	Three month	5.10	Five year	6.35
Fed.funds at intervention	·	Six month	5.23	10-year	6.48
		One year	5.63	30-year	6.76

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF) FFr500,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Sep	129.10	129.42	+0.28	129.44	129.06	131,006	202,650
Dec	97.74	98.02	+0.24	97.92	97.74	328	2,097
Mar	97.14	97.42	+0.24	97.14	97.14	2	-

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls Jul	Calls Aug	Calls Sep	Puts Jul	Puts Aug	Puts Sep
125	4.42	-	4.46	-	0.02	0.07
126	3.42	3.47	3.55	-	0.06	0.15
127	2.42	2.52	2.69	-	0.11	0.28
128	1.42	1.66	1.90	-	0.25	0.49
129	0.42	0.93	1.18	-	0.51	0.76

Est. vol. total, Calls 7,305 Puts 21,569. Previous day's open int., Calls 131,355 Puts 181,925.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	101.61	101.88	+0.17	101.95	101.57	207782	252627
Dec	100.69	100.95	+0.18	100.88	100.69	1419	8348

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Aug	Calls Sep	Calls Oct	Calls Dec	Puts Aug	Puts Sep	Puts Oct	Puts Dec
10150	0.78	1.06	0.78	1.10	0.40	0.67	1.33	1.65
10200	0.50	0.75	0.58	0.89	0.62	0.87	1.63	1.94
10250	0.27	0.53	0.42	0.71	0.89	1.15	1.97	2.26

Est. vol. total, Calls 17704 Puts 19217. Previous day's open int., Calls 128734 Puts 162054

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	134.45	134.30	-0.28	134.84	133.92	75565	85321
Dec	-	106.75	-0.28	-	-	0	270

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Sep	Calls Dec	Puts Sep	Puts Dec
8000		26.75		0
8050		26.25		0
8100		25.75		0

Est. vol. total, Calls 3529 Puts 5429. Previous day's open int., Calls 64168 Puts 78155

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Sep	116.83	116.96	-	117.17	116.69	83,683	92,359
Dec	100.30	100.29	+0.04	100.30	100.30	1	7

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	114-07	114-07	-0-04	114-11	114-07	15	999
Sep	113-27	113-30	-	114-02	113-22	60744	159041

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Aug	Calls Sep	Calls Oct	Calls Dec	Puts Aug	Puts Sep	Puts Oct	Puts Dec
113	1-23	1-47	1-52	2-19	0-27	0-51	1-20	1-51
114	0-49	1-09	1-20	1-51	0-53	1-13	1-52	2-10
115	0-24	0-44	0-59	1-25	1-28	1-48	2-27	2-57

Est. vol. total, Calls 2922 Puts 2298. Previous day's open int., Calls 28156 Puts 17171

Ecu

■ ECU BOND FUTURES (MATIF) ECU100,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Sep	96.08	96.36	+0.28	96.38	96.08	2,167	4,908

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Sep	111-21	111-18	-0-07	111-23	111-10	383,357	417,632
Dec	111-12	111-04	-0-07	111-12	110-30	793	25,372
Mar	110-31	110-26	-0-06	110-31	110-26	179	2,089

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Sep	123.30	-	-	123.35	123.27	1202	n/a
Dec	122.70	-	-	122.71	122.70	100	n/a

* LIFFE futures also traded on APT. All Open Interest figs. are for previous day.

FTSE Actuaries Govt. Securities

Price Indices UK Gilts	Thu Jun 26	Day's change %	Wed Jun 25	Accrued interest	xd adj. ytd
1 Up to 5 years (20)	119.91	0.03	119.88	2.30	5.38
2 5-15 years (20)	152.31	0.01	152.29	2.32	5.93
3 Over 15 years (6)	179.90	-0.01	179.92	5.73	5.02
4 Irredeemables (5)	207.91	0.03	208.08	2.00	7.34
5 All stocks (51)	146.81	0.01	146.79	2.95	5.68
Index-linked					
6 Up to 5 years (2)	204.88	0.01	204.85	1.43	3.03
7 Over 5 years (10)	197.77	-0.01	197.79	1.77	2.86
8 All stocks (12)	197.45	0.00	197.46	1.73	2.86

UK Indices

	Low coupon yield Jun 26	Jun 25	Yr. ago	Medium coupon yield Jun 26	Jun 25	Yr. ago	High coupon yield Jun 26	Jun 25	Yr. ago
5 yrs	7.06	7.06	7.39	7.11	7.12	7.44	7.17	7.17	7.52
15 yrs	7.08	7.08	8.21	7.15	7.15	8.22	7.18	7.18	8.29
20 yrs	7.09	7.09	8.29	7.16	7.15	8.29	7.18	7.18	8.34
Irred.†	7.25	7.25	8.32						

	Inflation 5% Jun 26	Jun 25	Yr. ago	Inflation 10% Jun 26	Jun 25	Yr. ago
Up to 5 yrs	3.60	3.60	2.72	2.93	2.93	1.17
Over 5 yrs	3.64	3.63	3.83	3.43	3.42	3.61

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT Fixed Interest Indices

	Jun 26	Jun 25	Jun 24	Jun 23	Jun 20	Yr ago	High*	Low*
Govt. Secs. (UK)	96.48	96.49	96.26	96.03	96.29	92.80	97.51	93.31
Fixed Interest	123.86	123.77	123.86	123.32	123.02	112.00	123.77	115.32

Gilt Edged Activity Indices

	Jun 25	Jun 24	Jun 23	Jun 20	Jun 18
Gilt Edged bargains	NA	NA	NA	NA	NA
5-day average	NA	NA	NA	NA	NA

* for 1997. Government Securities high since compilation: 127.40 (09/01/35), low 49.18 (03/01/75). Fixed Interest high since compilation: 133.87 (21/01/94), low 50.53 (03/01/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974. Gilt Edged volume data will be unavailable until further notice.

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on June 26

	Issued	Bid	Offer	Chg	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	99⅛	99⅜	-⅛	6.66
ABN Amro Bank 7¼ 00	1000	101½	101¾	-⅛	7.12
African Dev Bk 7⅛ 23	600	100¼	100⅝	-⅛	7.35
Alberta Province 7⅝ 98	1000	101¾	102	-⅛	6.20
Argentina 11⅜ 17	2000	111¼	111¾	-½	10.30
Asian Dev Bank 6¼ 00	750	97½	97⅝	-⅛	6.75
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain 7¼ 03	4000	111	111⅛		4.98
Volkswagen Intl Fin 7 00	1500	108½	108¾	+⅛	5.29
World Bank 5⅞ 00	3000	104½	104⅞	+⅛	4.98
World Bank 6⅜ 02	3000	106¼	106⅝	+⅛	4.75
World Bank 7⅛ 00	3000	110½	110⅝	+⅛	5.43
SWISS FRANC STRAIGHTS					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Abbey Natl Treasury 8 03 £	1000	102⅛	102¼	+⅛	7.52
British Land 8⅞ 23 £	150	104⅞	105¼		8.59
Denmark 6⅛ 98 £	500	99½	99⅝		7.16
Depfa Finance 7¼ 00 £	500	97¾	98		7.57
EIB 0 00 £	1000	103¼	103⅞	+⅛	7.30
Finland 7 00 £	500	99⅞	99¾	+⅛	7.11
Glaxo Wellcome 8¾ 05 £	500	105⅞	107	+⅛	7.60
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day. FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. [illegible]

UK GILTS PRICES

Notes	Yield Int	Yield Red	Price £	+ or -	52 week High	52 week Low
Shorts" (Lives up to Five Years)						
Treas Cnv 7pc 1997‡‡	7.00	0.51	100$\frac{1}{32}$		101	100
Treas 8¾pc 1997‡‡	8.72	6.45	100$\frac{11}{32}$		107	100
Exch 15pc 1997	14.61	6.65	102	-$\frac{1}{32}$	111	102
Exch 9¾pc 1998	9.59	6.75	101		105	100
Treas 7¼pc 1998‡‡	7.23	6.84	100		103	100
Treas 15½pc '98‡‡	14.08	6.94	118		119	110
Exch 12pc 1998	11.26	6.97	106		111	106
Treas 9½pc 1999‡‡	9.17	6.99	103		106	97
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Funding 3½pc 1999-4	4.05	5.90	86		87	80
Conv 9½pc 2004	8.37	7.18	113		114	105
Treas 6¾pc 2004‡‡	6.88	7.06	98		99	93
Conv 9½pc 2005	8.33	7.12	114		122	109
Exch 10½pc 2005	8.70	7.11	120		121	117
Treas 12½pc 2003-5	9.84	7.16	126		128	124
Treas 8½pc 2005‡‡	7.82	7.10	108		108	103
Conv 9¾pc 2006	8.29	7.13	117		118	113
Treas 7½pc 2006‡‡	7.31	7.10	102		103	95
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Index-Linked						
4⅝pc '98‡‡ (135.6)	-	2.93	114		114	113
2½pc '99	2.11	3.24	181		181	179
2½pc '01 (78.3)	2.93	3.60	186		187	179
2½pc '03 (78.8)	3.14	3.62	182		184	174
4⅜pc '04‡‡ (135.6)	3.18	3.60	118		120	114
2pc '06 (69.5)	3.30	3.61	192		195	182
2½pc '09 (78.8)	3.35	3.61	172		179	164
2½pc '11 (74.6)	3.39	3.62	179		183	169
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Other Fixed Interest

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

● 'Tap' stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds per £100 nominal of stock. Prospective real redemption yields are calculated by HSBC Greenwell from Bank of England closing prices.

Turkish bank to
pay more for loan

CURRENCIES AND MONEY

Canadian dollar firms on rate rise

MARKETS REPORT

By Wolfgang Münchau

The rise in the Canadian bank rate from 3.25 per cent to 3.5 per cent pushed the US dollar's exchange rate against the Canadian dollar down by 1.6 Canadian cents to C$1.3798.

In an otherwise quiet day on the foreign exchanges the $/yen rate weakened marginally by Y0.245 to Y113.695, well inside what analysts view as a target range for the Japanese authorities of Y113 to Y115.

Foreign exchange strategists say there is little likelihood of a fall in the dollar below Y113 without less ambiguous proof of a Japanese economic recovery.

The pound yesterday rose against the D-Mark by 1.2 pfennigs, closing at DM2.8802, on expectations of higher UK rates in response to possible economic overheating.

■ The big news on the foreign exchange markets yesterday was the quarter point rate rise in Canada. The increase was seen as marking the beginning of a cycle of interest rates increases in the future.

The reason behind the intervention was currency weakness, rather than a pick-up in economic growth. The Canadian output gap remains large.

But Canada's monetary policy remains relatively lax even after the rate rise, considering that its current short-term rates are not substantially higher than Germany's.

The Canadian central bank said in a statement that the move was designed to "counter excessive easing in monetary conditions and to provide support for the currency."

One currency strategist said: "What happened today is that the Canadian central bank told markets that the time is right."

■ Sterling has had another good day against the D-Mark, but strategists are now getting nervous about the pound.

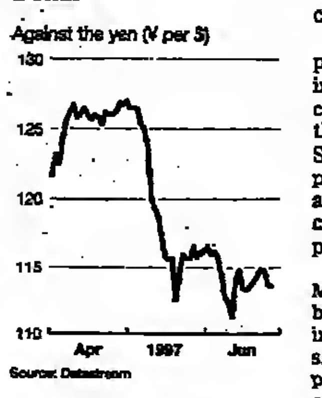
Goldman Sachs said recently that sterling was overvalued by about 15 per cent. Yesterday, NatWest Markets published some calculations suggesting that the current £/$ parities are not sustainable in the medium term.

NatWest Markets argues that the 125 basis points difference in forward sterling/dollar rates for next spring is too excessive, given that both economies face similar uncertainties over an upsurge in future inflationary pressures.

■ Pound in New York

Jun 26	--Latest--	– Prev. close –
£ spot	1.6660	1.6630
1 mth	1.6647	1.6618
3 mth	1.6617	1.6590
1 yr	1.6485	1.6470

Dollar



■ The currency markets are blissfully uninterested in the continuing controversy about European economic and monetary union.

A dispute about Emu's starting date has broken out into the open inside Chancellor Helmut Kohl's governing coalition, this time driven by Mr Edmund Stoiber, the conservative prime minister of Bavaria, and one of Germany's most outspoken Emu critics.

This is the old decimal point debate all over again, in connection with the 3 per cent debt-to-GDP criterion in the Maastricht Treaty. Mr Stoiber says it means "three point zero", while Mr Kohl's allies prefer to look at this criterion as meaning "three point something".

These are real jitters, since Mr Stoiber is not going to back down. He has many influential supporters on his side: Mr Gerhard Schröder, prime minister of Lower Saxony and a possible SPD candidate for chancellor next year, senior members inside the Bundesbank, and a large section of the German media.

France will be the key, one way or the other. Unless the new Jospin administration changes course, especially on privatisation, the French deficit-to-GDP ratio is likely to end up at 3.6-3.8 per cent this year. Emu would be in serious trouble in that case.

All this gives rise to the intriguing possibility that Italy could meet the deficit target, when France and Germany do not.

Mr Jesper Dannesboe, treasury economist at ABN-Amro in London, said "the skin of the market is getting thicker and thicker regarding Emu. The markets are getting used to people crying wolf. You need some pretty nasty news out of Germany for the market to react. But then it would react fiercely."

For the time being, the foreign exchange markets almost fully discount that Emu will start on time with the widest possible membership base.

■ OTHER CURRENCIES

Jun 26	£	$
Czech Rp	53.2008 - 53.3094	31.9290 - 31.9850
Hungary	310.170 - 310.440	186.210 - 186.260
Iran	5000.10 - 4997.10	3000.00 - 3000.00
Kuwait	0.5032 - 0.5037	0.3021 - 0.3022
Poland	5.4102 - 5.4301	3.2480 - 3.2580
Russia	9598.43 - 9608.53	5763.00 - 5765.00
U.A.E.	6.1178 - 6.1220	3.6728 - 3.6731

POUND SPOT FORWARD AGAINST THE POUND

Jun 26		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	Bank of Eng. index
Europe													
Austria	(Sch)	20.2665	+0.085	554 - 776	20.2814	20.1680	20.2121	3.2	20.0894	3.3	16.5939	3.3	102.5
Belgium	(BFr)	59.4384	+0.2499	789 - 979	59.4979	59.0830	59.2713	5.4	58.928	3.4	57.3867	3.5	102.3
Denmark	(DKr)	10.8731	+0.0492	681 - 781	10.9837	10.9107	10.9458	3.0	10.8884	3.1	10.6399	3.0	104.8
Finland	(FM)	8.5897	+0.0024	809 - 985	8.5985	8.5520	8.5644	3.5	8.5116	5.6	8.2992	3.4	82.4
France	(FFr)	9.7188	+0.0393	142 - 234	9.7282	9.6717	9.6927	3.2	9.6381	5.3	9.3934	3.3	104.9
Germany	(DM)	2.8802	+0.0124	788 - 816	2.8840	2.8655	2.8716	3.5	2.8544	3.6	2.7778	3.6	103.3
Greece	(Dr)	455.381	+2.34	153 - 609	457.160	452.192	457.164	-4.7	459.788	-3.9	468.156	-2.8	65.1
Ireland	(I£)	1.1025	+0.0079	014 - 036	1.1038	1.0952	1.1021	0.4	1.1011	0.5	1.0931	0.9	98.3
Italy	(L)	2814.80	+15.67	287 - 672	2816.90	2798.98	2814.88	0.0	2814.91	0.0	2813.25	0.1	78.4
Luxembourg	(LFr)	59.4384	+0.2499	789 - 979	59.4979	59.0630	59.2713	3.4	58.928	3.4	57.3867	3.5	102.3
Netherlands	(Fl)	3.2424	+0.0141	410 - 437	3.2458	3.2254	3.233	3.5	3.2139	3.5	3.13	3.5	101.7
Norway	(NKr)	12.1004	+0.0352	926 - 082	12.1501	12.0356	12.0678	3.2	12.0019	3.3	11.7363	3.0	98.0
Portugal	(Es)	290.985	+1.615	815 - 156	291.158	289.239	290.829	0.6	290.299	0.9	286.211	1.6	93.0
Spain	(Pta)	243.524	+1.362	425 - 622	243.720	241.460	243.27	1.3	242.596	1.5	238.978	1.9	77.0
Sweden	(SKr)	12.8352	+0.0514	251 - 453	12.8527	12.7628	12.8108	2.3	12.7584	2.4	12.5481	2.2	84.0
Switzerland	(SFr)	2.3990	+0.007	974 - 005	2.4027	2.3899	2.3885	5.3	2.3672	5.3	2.2785	5.1	105.1
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	101.7
Ecu	-	1.4696	+0.006	687 - 705	1.4705	1.4610	1.4687	2.4	1.4602	2.6	1.4306	2.7	-
SDR†	-	1.194788	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.6660	+0.0022	654 - 665	1.6682	1.6614	-	-	-	-	-	-	-
Brazil	(R$)	1.7934	+0.0022	928 - 940	1.7960	1.7887	-	-	-	-	-	-	-
Canada	(C$)	2.2988	+0.0236	978 - 000	2.3282	2.2938	2.2921	3.6	2.2789	3.5	2.2294	5.0	84.5
Mexico	(New Peso)	13.2555	+0.0308	490 - 616	13.2796	13.2180	-	-	-	-	-	-	-
USA	($)	1.6662	+0.0022	657 - 667	1.6685	1.6616	1.6649	0.9	1.6621	1.0	1.6495	1.0	102.2
Pacific/Middle East/Africa													
Australia	(A$)	2.2223	+0.0076	209 - 237	2.2270	2.2132	2.2217	0.3	2.2198	0.4	2.2088	0.6	91.6
Hong Kong	(HK$)	12.9092	+0.0215	045 - 139	12.9259	12.8708	12.9082	0.1	12.9017	0.2	12.8467	0.5	-
India	(Rs)	59.6500	+0.0871	821 - 179	59.7660	59.5680	59.8452	-3.9	60.2458	-4.0	61.8255	-3.8	-
Israel	(Shk)	5.9506	+0.0479	371 - 645	5.9694	5.8889	-	-	-	-	-	-	-
Japan	(Y)	189.439	+0.157	340 - 537	190.150	189.110	188.464	6.2	186.509	6.2	178.224	5.9	133.7
Malaysia	(M$)	4.2022	+0.0039	001 - 043	4.2067	4.1889	4.2085	-1.2	4.2145	-1.2	4.2331	-0.7	-
New Zealand	(NZ$)	2.4241	-0.0035	221 - 261	2.4283	2.4221	2.424	0.1	2.4249	+0.1	2.4321	-0.3	112.5
Philippines	(Peso)	43.9461	+0.0561	912 - 009	44.0009	43.8912	44.1058	-4.4	44.3564	-3.7	45.4124	-3.3	-
Saudi Arabia	(SR)	6.2494	+0.0082	472 - 515	6.2577	6.2325	6.2459	0.7	6.2374	0.8	6.201	0.8	-
Singapore	(S$)	2.3774	+0.0033	758 - 789	2.3801	2.3728	2.3728	2.3	2.3627	2.5	2.3145	2.8	-
South Africa	(R)	7.5158	+0.0169	123 - 193	7.5266	7.4822	7.5765	-9.7	7.6944	-9.5	8.1313	-8.2	-
South Korea	(Won)	1479.59	+1.96	581 - 336	1489.36	1475.81	-	-	-	-	-	-	-
Taiwan	(T$)	46.3871	+0.028	398 - 343	46.4510	46.3202	46.3705	0.4	46.3307	0.5	46.139	0.5	-
Thailand	(Bt)	43.1129	+0.1234	583 - 675	43.1675	42.0340	43.4495	-9.4	43.8111	-7.4	44.9413	-4.2	-

† Rates for Jun 25. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T. The exchange rates printed in this table are also available on the internet at http://www.FT.com

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Jun 26		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	J.P Morgan index
Europe													
Austria	(Sch)	12.1633	+0.035	603 - 663	12.1650	12.1148	12.1393	2.4	12.0903	2.4	11.8663	2.4	102.3
Belgium	(BFr)	35.6730	+0.103	480 - 980	35.6980	35.5320	35.596	2.5	35.4465	2.5	34.753	2.6	102.4
Denmark	(DKr)	6.5857	+0.0209	847 - 867	6.5889	6.5581	6.574	2.1	6.5497	2.2	6.4433	2.2	104.2
Finland	(FM)	5.1553	-0.0053	515 - 590	5.1711	5.1400	5.1438	2.7	5.1202	2.7	5.0263	2.5	81.3
France	(FFr)	5.8329	+0.0159	519 - 339	5.8340	5.8127	5.8214	2.4	5.7976	2.4	5.6887	2.5	104.4
Germany	(DM)	1.7286	+0.0051	283 - 289	1.7291	1.7222	1.7248	2.7	1.7169	2.7	1.682	2.7	103.1
Greece	(Dr)	273.305	+1.045	250 - 360	274.340	271.140	274.6	-5.7	276.655	-4.9	283.805	-3.8	64.8
Ireland	(I£)	1.5113	-0.009	103 - 123	1.5192	1.5103	1.5108	0.8	1.5096	0.4	1.51	0.1	-
Italy	(L)	1689.35	+7.3	870 - 000	1690.00	1681.50	1691.12	-1.3	1694.12	-1.1	1697.56	-0.5	77.3
Luxembourg	(LFr)	35.6730	+0.103	480 - 980	35.6980	35.5320	35.598	2.5	35.4465	2.5	34.753	2.6	102.4
Netherlands	(Fl)	1.9460	+0.0059	457 - 462	1.9480	1.9377	1.9417	2.6	1.9332	2.6	1.8956	2.6	101.8
Norway	(NKr)	7.2623	+0.0116	598 - 648	7.2930	7.2195	7.2478	2.4	7.2194	2.4	7.1077	2.1	95.4
Portugal	(Es)	174.640	+0.74	590 - 690	174.890	173.810	174.603	0.3	174.55	0.2	173.38	0.7	93.6
Spain	(Pta)	146.158	+0.625	140 - 170	146.200	145.460	146.11	0.4	145.935	0.6	144.76	1.0	76.8
Sweden	(SKr)	7.7033	+0.0207	895 - 070	7.7108	7.6682	7.6942	1.4	7.6749	1.5	7.6009	1.3	83.6
Switzerland	(SFr)	1.4398	+0.0023	393 - 403	1.4413	1.4361	1.4345	4.5	1.4238	4.4	1.3783	4.3	104.9
UK	(£)	1.6662	+0.0022	657 - 667	1.6685	1.6616	1.6649	0.9	1.6621	1.0	1.6495	1.0	101.1
Ecu	-	1.1338	-0.0032	334 - 341	1.1395	1.1334	1.1352	-1.5	1.1384	-1.8	1.154	-1.8	-
SDR†	-	0.71703	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9999	-	998 - 999	0.9999	0.9998	-	-	-	-	-	-	-
Brazil	(R$)	1.0764	-0.0001	763 - 764	1.0765	1.0764	-	-	-	-	-	-	-
Canada	(C$)	1.3798	-0.016	795 - 800	1.3965	1.3770	1.3768	2.7	1.3709	2.8	1.3509	2.1	83.3
Mexico	(New Peso)	7.9555	+0.008	540 - 570	7.9570	7.9470	8.064	-16.4	8.275	-16.1	9.1855	-15.5	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	103.4
Pacific/Middle East/Africa													
Australia	(A$)	1.3338	+0.0029	333 - 342	1.3342	1.3339	1.3336	0.2	1.3331	0.2	1.3287	0.4	93.9
Hong Kong	(HK$)	7.7477	+0.0027	472 - 482	7.7482	7.7450	7.7482	+0.1	7.7481	+0.1	7.7514	0.0	-
India	(Rs)	35.8000	+0.005	700 - 300	35.8350	35.7700	35.9375	-4.6	36.2225	-4.7	37.435	-4.6	-
Israel	(Shk)	3.5715	+0.0241	643 - 786	3.5983	3.5414	-	-	-	-	-	-	-
Japan	(Y)	113.695	-0.245	670 - 720	114.280	113.550	113.18	5.4	112.16	5.3	107.89	5.1	134.4
Malaysia	(M$)	2.5220	-0.001	215 - 225	2.5240	2.5197	2.5265	-2.1	2.5355	-2.1	2.5655	-1.7	-
New Zealand	(NZ$)	1.4548	-0.004	541 - 558	1.4580	1.4541	1.4557	+0.7	1.4581	-0.9	1.4682	-0.9	-
Philippines	(Peso)	26.3750	-	500 - 000	26.4000	26.3500	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7507	-	505 - 508	3.7508	3.7505	3.7514	-0.2	3.7524	-0.2	3.7571	-0.2	-
Singapore	(S$)	1.4268	+0.0001	263 - 273	1.4275	1.4263	1.4251	1.5	1.4213	1.6	1.4018	1.8	-
South Africa	(R)	4.5108	+0.0043	100 - 115	4.5130	4.5010	4.5513	-10.8	4.6308	-10.6	4.9333	-9.4	-
South Korea	(Won)	888.000	-	000 - 000	890.000	886.000	-	-	-	-	-	-	-
Taiwan	(T$)	27.8400	-0.02	200 - 600	27.8670	27.8200	27.851	-0.5	27.88	-0.3	27.9525	+0.4	-
Thailand	(Bt)	25.8750	+0.04	500 - 000	25.9000	25.2500	26.1	-10.4	26.425	-8.5	27.25	-5.3	-

† SDR rate per $ for Jun 25. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Jun 25; Base average 1990=100.
The exchange rates printed in this table are also available on the internet at http://www.FT.com

WORLD INTEREST RATES

MONEY RATES

June 26	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.00	2.50	-
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.10	-	4.75
Germany	3	[illegible]	[illegible]	[illegible]	[illegible]	4.50	2.50	3.00
Ireland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	6.75
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.25	6.75	6.82
Netherlands	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	2.50	2.90
Switzerland	1¼	[illegible]	[illegible]	[illegible]	[illegible]	-	1.00	-
US	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	5.00	-
Japan	½	[illegible]	[illegible]	[illegible]	[illegible]	-	0.50	-
■ $ LIBOR FT London								
Interbank Fixing	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
US Dollar CDs	-	5.48	5.59	5.68	5.88	-	-	-
ECU Linked Ds	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
SDR Linked Ds	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-

$ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo Mitsubishi, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US$ CDs, ECU & SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Jun 26	Short term	7 days notice	One month	Three months	Six months	One year

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Jun 26		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.46	16.35	4.846	1.855	4736	5.455	20.36	489.8	409.7	21.59	4.036	1.682	3.868	2.803	318.7	2.472
Denmark	(DKr)	54.17	10	8.857	2.625	1.005	2565	2.955	11.03	265.2	221.9	11.70	2.186	0.911	2.095	1.516	172.8	1.339
France	(FFr)	61.16	11.29	10	2.964	1.134	2896	3.336	12.45	299.4	250.6	13.21	2.468	1.029	2.366	1.714	194.9	1.512
Germany	(DM)	20.64	3.810	3.374	1	0.383	977.3	1.126	4.201	101.0	84.55	4.456	0.833	0.347	0.798	0.579	65.77	0.510
Ireland	(I£)	53.81	9.953	8.815	2.612	1	2553	2.941	10.98	263.9	220.9	11.64	2.178	0.907	2.085	1.511	171.8	1.333
Italy	(L)	2.112	0.390	0.345	0.102	0.039	100	0.115	0.430	10.34	8.652	0.456	0.085	0.036	0.082	0.059	6.730	0.052
Netherlands	(Fl)	18.33	3.384	2.997	0.888	0.340	868.1	1	3.732	89.74	75.11	3.959	0.740	0.308	0.709	0.514	58.42	0.453
Norway	(NKr)	49.12	9.068	8.032	2.380	0.911	2326	2.680	10	240.5	201.3	10.61	1.983	0.826	1.900	1.377	156.6	1.214
Portugal	(Es)	20.43	3.771	3.340	0.990	0.379	967.3	1.114	4.158	100	83.69	4.411	0.824	0.344	0.790	0.573	65.10	0.505
Spain	(Pta)	24.41	4.506	3.991	1.183	0.453	1158	1.331	4.969	119.5	100	5.271	0.985	0.411	0.944	0.684	77.78	0.603
Sweden	(SKr)	46.31	8.546	7.572	2.244	0.859	2193	2.526	9.428	226.7	189.7	10	1.869	0.779	1.791	1.298	147.6	1.145
Switzerland	(SFr)	24.78	4.574	4.051	1.201	0.460	1173	1.352	5.044	121.3	101.5	5.350	1	0.417	0.958	0.695	78.97	0.613
UK	(£)	59.44	10.97	9.716	2.880	1.103	2815	3.242	12.10	291.0	243.5	12.84	2.399	1	2.299	1.666	189.4	1.470
Canada	(C$)	25.85	4.773	4.227	1.253	0.480	1224	1.410	5.263	126.6	105.8	5.583	1.043	0.435	1	0.725	82.40	0.639
USA	($)	35.67	6.586	5.833	1.729	0.662	1689	1.946	7.262	174.6	146.2	7.703	1.440	0.600	1.380	1	113.7	0.882
Japan	(Y)	31.38	5.792	5.130	1.520	0.582	1486	1.712	6.388	153.6	128.6	6.775	1.266	0.528	1.214	0.880	100	0.776
Ecu	-	40.45	7.467	6.613	1.960	0.750	1915	2.206	8.234	198.0	165.7	8.734	1.632	0.680	1.564	1.134	128.9	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	0.5838	0.5821	-0.0015	0.5842	0.5817	10,050	58,946
Dec	-	0.5861	+0.0014	-	0.5859	65	908
Mar	-	0.5905	+0.0008	-	0.5905	2	123

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	0.7029	0.7021	+0.0007	0.7030	0.7008	6,603	31,937
Dec	-	0.7097	-0.0008	-	0.7097	38	858
Mar	-	0.7184	-	-	-	60	70

■ JAPANESE YEN FUTURES (IMM) Yen 12.5m per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	0.8879	0.8897	+0.0016	0.8909	0.8848	12,385	52,006
Dec	0.9020	0.9014	+0.0017	0.9022	0.9014	23	1,084
Mar	-	0.9114	-	-	-	3	107

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	1.6608	1.6616	+0.0022	1.6650	1.6580	8,388	54,744
Dec	-	1.6570	+0.0020	1.6580	-	32	404
Mar	-	1.6520	+0.0014	1.6530	-	1	2

EMS EUROPEAN CURRENCY UNIT RATES

UK INTEREST RATES

LONDON MONEY RATES

BASE LENDING RATES

COMMODITIES AND AGRICULTURE

China sees need for agricultural reform

By James Harding in Shanghai

China needs to implement fundamental agricultural reforms and invest $89bn to improve domestic grain output over the next 30 years to meet rising national demand, according to the country's State Planning Commission.

By 2030, China is expecting to consume up to 726m tonnes of grain a year and to import up to 100m tonnes, up from purchases of 27m tonnes on the international markets in 1995-96.

The national food supply is threatened by falling acreages of arable land, rising production costs, inefficient investment, obsolete technology and expensive state intervention in the market.

"To ensure a stable grain supply, China needs to solve a variety of problems ... China should prioritise self-reliance, while at the same time not exclude itself from the world market," said Mr Ma Xiaohe, deputy director of the economics institute of the State Planning Commission.

The most daunting challenge is the reduction of arable land, Mr Ma said in a report published in the China Daily, the official government newspaper.

Arable land has fallen from 112m hectares in 1957 to 95m hectares in 1995.

Production costs of staple agricultural produce – grain, rice, wheat, corn and beans – rose by 201 per cent between 1978 and 1993, placing a heavy burden on state efforts to manage the market.

The country reported e record harvest of 490m tonnes of grain last year, which it bopes to repeat in 1997.

Investment will be "crucial" if China's grain output is to grow at the 1 per cent a year needed to meet domestic neede. China should look not only for capital from the state, but will also need foreign investment, Mr Ma says.

The country needs to invest Yn740bn ($89bn) to improve the output of 60m hectares of low-yield land, develop 14m hectares of wasteland, and expand the size of irrigated land by 17m hectares.

Mr Ma says China also needs to reform the grain purchasing system, as existing anomalies have meant "the state suffers losses". By the end of 1995, those losses reached Yn50bn.

Attempts to regulate the market have proved ineffectual; between the second half of 1993 and the first half of 1995, the state sold 30bn kg of grain to lower the market price, but with little effect.

Mr Ma suggests a restructuring of state management, which would see the central government regulating volume and the inter-provincial grain trade, leaving local government responsible for stable grain supply.

There have also been contradictions in foreign trade, which should be better "co-ordinated" in the future as imports have continued to rise in the eight years in spite of the consistent increase in grain output.

Rising demand has beeo driven by China's growing affluence and the increased consumption of industries such as liquor production, which now consume 17.4m tonnes each year.

The waste of grain is also a "aerious" problem in China, where 45bn kg is lost each year either by being destroyed in transit or by being thrown away after being produced as food.

US set to relax Argentine beef rules

By Ken Warn in Buenos Aires

The US is set to open up its market to non-proceseed Argentine beef for the first time in over 60 years, after stocks were declared free of foot-and-mouth disease earlier this year.

Tha US Department of Agriculture published the rule change in the Federal Register yesterday and, unless challenged by Congress, it will become effective on August 25.

The initial US quota for Argentine baef is only 20,000 tons a year but the move is expected to be followed by several countries, especially in Asia.

"This is excellent news," said Mr Christopher McMaster, of agricultural investment company Cosechar en Argentina. "The US is seen as a leader on beef health issues, and having their imprimatur will help open up other markets."

"We are confident that importing beef from Argentina will not put domestic stock at risk," said the US Department of Agriculture. "Argentina has not had a case of foot-and-mouth since 1994 and has never experienced a case of rinderpest."

US imports were halted in the 1930s after an outbreak of foot-and-mouth. A subsequent outbreak has only just been eradicated, and Argentine herds remain subject to vaccination.

Argentine beef exporters are hoping to resume their former presence on international markets, once the economic locomotive of the country. Their grass-fed herds are also free of the scourge of BSE, or "mad cow disease". The economy ministry expects baef exports to rise to over 800,000 tons in 2000, over 70 per cent higher than last year.

Oil slips after Opec meeting

MARKETS REPORT

By Gary Mead

The deal agreed by the meeting of Organisation of Petroleum Exporting Countries in Vienna was felt by traders to have done little to address problems of over-production of oil and thus would not stem the current downward pressure on prices.

After the Opec meeting ended yesterday oil prices slid further, with Brent crude for August trading 31 cents down towards the end of business on the International Petroleum Exchange, at $17.91 a barrel.

Brokers said that without firmer direction from Opec, the outlook would remain bearish.

Prices have steadily retreated from the year's peak of $25 a barrel, and many analysts are now forecasting a trading range of $15–$18 for the rest of 1997.

Oo the London International Financial Futures Exchange the September contract for cocoa climbed to a high of £1,150 a tonne but tbat proved unsustainable amid persistent profit-taking, and it closed up just £1 oo the previous close, at £1,137 a tonne.

On the Coffee, Sugar and Cocoa Exchange in New York the picture was rather more mixed, with the September cocoa contract reaching a peak of $1,722 a tonne in early speculative buying, though in later trading it slipped back to $1,678.

Sellers also hit coffee futures on Liffe, where the September contract closed the day down $49 at $1,801 a tonne.

Liffe is to review the grading criteria for coffee, following complaints from traders that new regulations were resulting in large quantities of previously certified coffee being deemed below the new quality thresholds. The review is not expected to report back before six months, and meanwhile the current rules will continue to apply.

On the Loodon Metal Exchange copper staged a small rally, with the three-month price closing up $25 at $2,398 a tonne. However, that was well below the day's peak of $2,415. An increase of 3,200 tonnes in LME warehouse stocks so far this week was seen as inhibiting attempts to break through the $2,400 barrier.

Zinc again achieved a new seven-year peak, rising $16 to close at $1,412 a tonne.

Shell 'offshore' in Peruvian forest

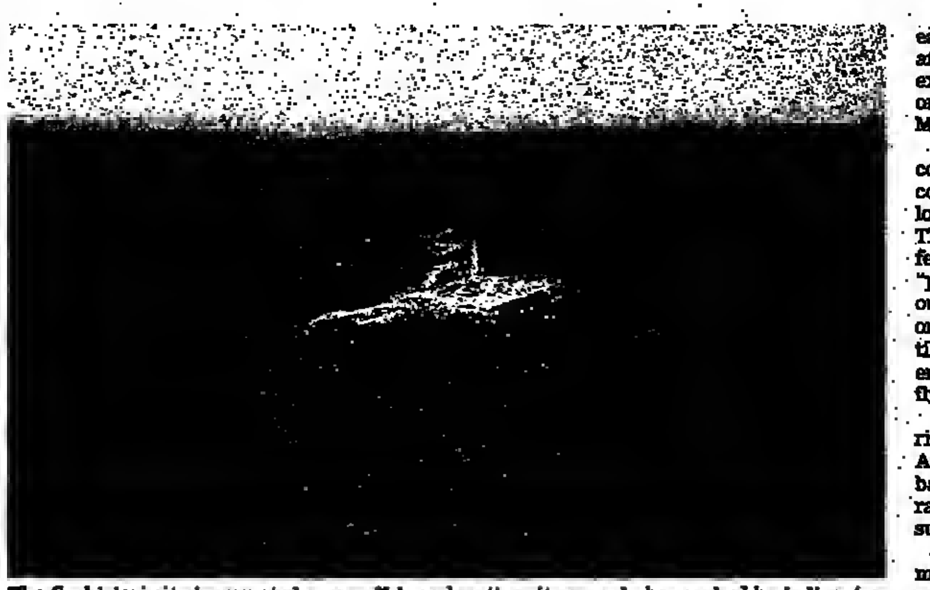
Peru's rainforest might not appear to have mnch in common with the North Sea. But, mindful of sharply increased environmental awareness and harsh criticisms levelled at earlier operations – particularly in Nigeria – Shell is approaching it in a similar fashion.

The two current drilling locations are like offshore rigs: small, isolated 2-3ha bald spots cleared in the sea of surrounding jungle. There are no access roads; all equipment is brought as close as possible by barge or transport aircraft, then helicoptered the last stretch.

"We want Camisea to become a blueprint for other similar developments," says Mr Alan Hunt, general manager of Shell Prospecting and Development in Peru.

Inaccessible Camisea hides its riches effectively. But thousands of feet below the dense canopy of trees lie two reservoirs, San Martin and Cashiriari, which are among the richest gas and condensates fields in the world, containing some 11,000bn cubic feet of natural gas and 600m barrels of liquids, equivalent to eight times Peru's current hydrocarbons reserves.

Although Shell is still in an appraisal drilling phase – having signed a licence agreement with the Peruvian government only in May – Mr Hunt talks about "when" rather than "if" full field development goes ahead. Shell is evaluating designs submitted by two consortia, headed by Bechtel and Fluor Daniel of the US, each with an international and a Peruvian partner.



The Cashiriari site is operated as an offshore location; it can only be reached by helicopter

However, while the liquids can be readily sold in Peru and exported, there is no existing market for the gas. Shell is working on several fronts; it is negotiating with Lima's two thermal power stations with a view to conversion to gas; while the big mining projects and expansions coming on stream in southern Peru could be other important clients.

This market will determine the route of e 500km pipeline – either due west from Camisea to Lima, its power stations and industrial users, or south-west to the Pisco area and closer to the dynamic, minerals-rich southern region of Arequipa-Moquegua. The southern route looks more likely.

In turn, that will determine the siting of the 300MW thermal power plant that will be among Camisea's first mooey-spinners. It will be built by EnerPeru, a recently formed venture between Shell International Gas, Mobil Power Inc and InterGen, which is an affiliate of Bechtel.

"Our 2001 target date for getting gas to the coast is feasible," says Mr Hunt, "and the future looks pretty good." He predicts e revenue stream of about $500m a year from Camisea, and says that "could easily double" if the Brazilians press ahead with a recent request for another pipeline to run Camisea gas east. Then there are associated projects – a plant to extract and export ethylene, or an iron carbide project for Marcona, south of Lima.

Camisea's inaccessibility coupled with the "offshore" concept means formidable logistics and great expense. The Chinook helicopter that ferries fuel to the drilling "platforms" (steel plates laid on the levelled jungla floor, on top of protective geo textile and heavy polythene layers) costs $10,000 an hour to fly.

The shallow Urubamba river which runs into tha Amazon can only be used by barges in the three-month rainy season; at other times, supplies come by hovercraft.

"Cluster" drilling will mean some two dozen wells will be concentrated on just four or five sites. Waste is compacted and either recycled or flown out from the operations base at Nuevo Mundo. Personnel are forbidden to leave the designated areas; the only contact with local communities is via liaison officers.

Local communities are benefiting from a series of compensation packages; Shell is building schools and bealth posts and sinking freshwater wells in some of the 30 native communities within the project area.

Sally Bowen

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE
(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1550.5-51.5	1573-74
Previous	1535-6	1559-60
High/low		1581/1570
AM Official	1556.5-57	1577.5-78.5
Kerb close		1577-78
Open int.	262,130	
Total daily turnover	81,400	

■ ALUMINIUM ALLOY ($ per tonne)

Close	1435-45	1460-70
Previous	1432-7	1460-63
High/low	1440	1465/1460
AM Official	1438-41	1462-64
Kerb close		1460-70
Open int.	5,050	
Total daily turnover	1,648	

■ LEAD ($ per tonne)

Close	606.5-7.5	620-1
Previous	604-5	618-9
High/low		622/618
AM Official	605.5-6.5	618-9
Kerb close		621-2
Open int.	33,898	
Total daily turnover	10,084	

■ NICKEL ($ per tonne)

Close	6950-60	7065-70
Previous	6925-35	7040-50
High/low	6965/6660	7080/7010
AM Official	6965-70	7075-80
Kerb close		7070-80
Open int.	51,580	
Total daily turnover	18,859	

■ TIN ($ per tonne)

Close	5635-45	5585-95
Previous	5520-30	5570-80
High/low	5540/5625	5615/5550
AM Official	5520-30	5590-90
Kerb close		5550-55
Open int.	13,695	
Total daily turnover	3,422	

■ ZINC, special high grade ($ per tonne)

Close	1411-12	1418-19
Previous	1359-60	1378-79
High/low		1419/1396
AM Official	1400-01	1413-14
Kerb close		1512-13
Open int.	97,197	
Total daily turnover	38,501	

■ COPPER, grade A ($ per tonne)

Close	2531-36	2403-04
Previous	2491-6	2381-2
High/low	2548/2546	2416/2378
AM Official	2548-49	2418-17
Kerb close		2398-99
Open int.	152,139	
Total daily turnover	84,051	

■ LME AM Official £/$ rate: 1.6664
LME Closing £/$ rate: 1.6652

Spot 1.6686 3 mths: 1.6626 6 mths: 1.6568 9 mths: 1.6529

■ HIGH GRADE COPPER (COMEX)

	Sett price	Day's change	High	Low	Vol	Open int
Jun	112.95	+3.25	113.00	110.00	296	553
Jul	111.95	+2.75	112.00	109.18	18,495	12,025
Aug	111.50	+2.55	111.50	110.30	333	2,828
Sep	118.90	+2.10	111.18	108.90	10,591	18,723
Oct	109.15	+1.85	109.20	108.50	73	1,253
Nov	108.00	+1.60	107.80	107.80	38	1,206
Total					23,445	48,941

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold(Troy oz)	$ price	£ equiv	SFr equiv
Close	337.50-338.00		
Opening	337.60-337.90		
Morning fix	337.90	202.70	486.07
Afternoon fix	336.95	202.31	484.84
Day's High	338.20-338.50		
Day's Low	336.60-336.90		
Previous close	338.60-339.10		

Loco Ldn Mean Gold Lending Rates (Vs US$)
1 month ....4.41 6 months 4.37
2 months ....4.41 12 months 4.31
3 months 4.41

Silver Fix	p/troy oz.	US cts equiv.
Spot	286.15	477.00
3 months	290.25	482.60
6 months	294.55	488.45
1 year	303.20	500.20

Gold Coins	$ price	£ equiv.
Krugerrand	333-341	203-205
Maple Leaf	-	-
New Sovereign	79-82	47-49

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Jun	336.5	+1.2	338.3	337.2	48	309
Aug	338.8	+0.8	340.9	338.1	20,527	94,058
Oct	342.3	+0.8	343.3	340.8	304	8,064
Dec	344.8	+0.8	345.7	343.1	2,831	28,155
Feb	347.3	+0.8	346.8	346.1	324	8,850
Apr	349.8	+0.8	-	-	1	4,579
Total					24,540	183,123

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

Jul	413.8	+1.5	417.5	410.2	2,113	4,566
Oct	407.0	+2.8	411.0	404.0	2,054	8,522
Jan	401.5	+2.0	404.0	401.0	29	1,694
Apr	401.5	+2.0	-	-	4	131
Total					4,188	15,913

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

Sep	181.40	+0.25	182.75	180.00	431	5,733
Dec	176.40	-0.75	179.75	178.50	32	688
Jan	177.40	+0.25	180.00	179.50	-	95
Total					476	6,898

■ SILVER COMEX (5,000 Troy oz.; Cents/troy oz.)

Jun	474.8	-1.2	-	-	2	-
Jul	474.8	-1.5	477.5	468.0	14,297	23,230
Sep	479.0	-1.5	482.5	473.0	7,455	37,542
Dec	486.0	-1.5	489.5	480.8	2,872	11,199
Jan	487.9	-1.5	-	-	1	18
Mar	492.9	-1.5	495.0	488.5	332	8,936
Total					26,028	96,858

ENERGY

■ CRUDE OIL NYMEX (1,000 barrels, $/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Aug	19.14	-0.38	19.60	19.04	60,492	98,230
Sep	19.26	-0.37	19.65	19.19	23,444	43,978
Oct	19.37	-0.36	19.69	19.33	7,170	29,626
Nov	19.45	-0.36	19.77	19.48	2,876	19,120
Dec	19.53	-0.35	19.69	19.50	7,766	41,879
Jan	19.65	-0.28	19.73	19.55	1,482	18,222
Total					113,136	300,886

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Aug	17.88	-0.34	18.11	17.84	13,740	76,732
Sep	18.05	-0.33	18.33	18.03	5,035	38,398
Oct	18.24	-0.30	18.49	18.20	1,103	14,308
Nov	18.33	-0.30	18.58	18.33	473	10,117
Dec	18.43	-0.25	18.60	18.43	2,474	15,539
Jan	18.50	-0.18	18.64	18.48	701	8,086
Total					n/a	n/a

■ HEATING OIL NYMEX (42,000 US galls; c/US galls)

	Latest price	Day's change	High	Low	Vol	Open int
Jul	52.05	-0.94	52.95	51.85	8,357	17,266
Aug	52.40	-0.77	53.05	52.10	12,417	38,154
Sep	53.15	-0.67	53.65	52.80	3,721	18,079
Oct	54.10	-0.57	54.40	53.80	1,476	16,181
Nov	54.90	-0.67	55.35	54.85	1,025	12,877
Dec	55.80	-0.57	56.30	55.70	1,528	15,591
Total					32,551	152,611

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Jul	161.75	+1.50	163.25	160.75	5,488	20,378
Aug	163.25	+1.25	164.75	162.25	2,464	15,149
Sep	165.00	+0.50	166.50	164.75	634	6,470
Oct	167.50	+0.50	169.00	166.75	450	6,828
Nov	169.50	+0.50	170.50	169.00	129	4,257
Dec	171.00	+0.50	172.25	170.50	457	9,288
Total					13,528	72,070

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu)

	Latest price	Day's change	High	Low	Vol	Open int
Jul	2.187	-0.040	2.240	2.175	37,192	17,007
Aug	2.155	-0.058	2.215	2.135	15,625	34,002
Sep	2.150	-0.063	2.215	2.140	5,009	19,901
Oct	2.160	-0.060	2.220	2.150	2,815	21,893
Nov	2.290	-0.050	2.335	2.280	794	10,870
Dec	2.425	-0.040	2.475	2.400	1,030	13,494
Total					85,527	200,043

■ UNLEADED GASOLINE
NYMEX (42,000 US galls, c/US galls)

	Latest price	Day's change	High	Low	Vol	Open int
Jul	56.50	-0.47	57.00	56.25	13,198	16,524
Aug	56.35	-0.56	56.98	56.18	15,898	33,398
Sep	56.00	-0.52	56.50	55.75	5,087	10,581
Oct	55.10	-0.60	55.20	55.05	2,373	5,986
Nov	54.60	-0.85	54.75	54.40	113	2,328
Dec	54.50	-0.50	54.80	54.50	458	5,423
Total					37,342	81,385

GRAINS AND OIL SEEDS

■ WHEAT LIFFE (100 tonnes; £ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Jul	81.00	-0.50	81.75	81.00	46	197
Sep	83.50	-0.50	-	-	-	177
Nov	86.25	-0.50	86.75	86.25	361	3,870
Jan	88.25	-0.60	88.75	88.25	219	1,778
Mar	90.25	-0.55	90.50	90.50	26	955
May	92.25	-0.70	92.75	92.25	61	557
Total					713	7,666

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

Jul	333.00	+1.25	335.00	331.00	8,031	18,501
Sep	343.00	+3.00	344.50	340.00	8,289	81,231
Dec	355.50	+3.00	356.50	352.50	5,191	28,324
Mar	361.50	+3.75	362.00	359.50	589	3,820
May	358.50	+1.50	360.00	358.00	69	338
Jul	353.00	+1.00	353.50	351.00	305	2,373
Total					23,301	84,605

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

Jul	250.25	-0	256.00	250.00	26,799	53,813
Sep	238.25	-3	242.25	239.00	10,717	52,758
Dec	238.50	-2.25	241.00	238.25	35,930	139,824
Mar	246.50	-1.25	247.75	246.25	1,839	20,078
May	251.75	-1	252.75	251.75	288	2,164
Jul	255.50	-1	256.50	255.25	1,205	5,437
Total					77,232	277,978

■ BARLEY LIFFE (100 tonnes; £ per tonne)

Sep	81.75	-0.35	-	-	-	34
Nov	84.75	-0.35	85.00	84.75	35	1,175
Jan	88.75	-0.35	87.00	87.00	1	184
Mar	88.75	-0.35	-	-	-	15
May	90.25	-0.35	-	-	-	4
Total					36	1,382

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

Jul	808.50	-16.25	816.75	798.00	13,042	29,830
Aug	743.25	-11.25	755.00	742.00	13,477	31,059
Sep	676.25	-0	686.50	675.00	1,272	10,571
Nov	647.50	-0.5	658.00	646.00	24,987	60,988
Jan	649.50	-0	658.50	647.50	893	9,508
Mar	655.25	-7.25	662.00	653.00	81	2,408
Total					58,864	147,927

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

Jul	22.36	-0.1	22.73	22.28	11,777	20,951
Aug	22.52	-0.1	22.88	22.43	7,591	21,812
Sep	22.68	-0.12	23.03	22.56	2,090	11,965
Oct	22.71	-0.06	23.07	22.59	1,560	13,135
Dec	22.84	-0.08	23.19	22.80	8,535	34,033
Jan	22.95	-0.13	23.30	22.95	929	3,257
Total					32,983	108,453

■ SOYABEAN MEAL CBT (100 tons; $/ton)

Jul	263.9	-5	269.0	263.4	9,138	22,462
Aug	243.3	-4.1	247.9	243.8	6,914	21,574
Sep	226.7	-2.7	228.7	226.3	599	13,747
Oct	216.5	-2.9	218.5	215.7	1,275	13,105
Dec	211.4	-3	213.8	211.8	2,988	28,637
Jan	208.5	-2.7	211.0	208.5	597	3,013
Total					21,778	108,388

■ POTATOES LIFFE (20 tonnes; £ per tonne)

Nov	35.0	-	-	-	-	9
Mar	60.0	-	-	-	-	-
Apr	66.0	+1.8	67.0	65.0	14	792
May	78.0	+1.0	-	-	-	-
Jun	88.0	+1.0	-	-	-	-
Total					14	801

■ FREIGHT (BIFFEX) LIFFE ($10/index point)

Jun	1297	+12	1300	1297	20	411
Jul	1280	+30	1285	1275	82	1,240
Aug	1240	+25	1245	1240	25	574
Oct	1405	+20	1405	1400	34	875
Jan	1415	+10	1415	1405	28	102
Total					191	3,282

	Close	Prev
BFI	1300	1289

FUTURES DATA
All futures data supplied by CMS.

Wool

After having gained 27 cents in the previous week to reach 753 cents a kg, its highest level since August 1995, the main (Eastern) Australian market indicator fell this week to end the 1996/97 wool selling season at 706 cents a kg. The week's cumulative fall of 47 cents in the Eastern market indicator reflected a general easing of prices across all combing categories, with merino fleece wools in the 20-22 micron range most affected. With no sales in Western Australia, the Western market indicator was not quoted this week. The 1997/98 Australian wool selling season commences next week. In New Zealand the overall market indicator closed ten cents down at 463 NZ cents a kg, following a strong rise of 23 cents last week. The next NZ sales will be on July 31.

SOFTS

■ COCOA LIFFE (10 tonnes; £/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Jul	1118	-3	1132	1118	738	15,854
Sep	1136	-1	1150	1135	2,185	32,051
Dec	1138	-2	1151	1137	1,355	35,442
Mar	1148	-1	1162	1148	1,381	43,989
May	1160	-1	1173	1160	761	18,706
Jul	1172	-1	1185	1172	376	5,492
Total					7,415	176,832

■ COCOA CSCE (10 tonnes; $/tonnes)

Jul	1660	+9	1675	1631	29	218
Sep	1690	+7	1722	1670	6,735	39,531
Dec	1736	+7	1755	1718	2,349	21,283
Mar	1768	+9	1780	1732	1,568	22,391
May	1782	+3	1804	1765	598	9,632
Jul	1799	+3	1818	1818	115	948
Total					12,880	193,383

■ COCOA (ICCO) (SDR's/tonne)

Jun 25	Price	Prev. day
Daily	1282.89	1303.65

■ COFFEE LIFFE ($ tonnes; $/tonne)

Jul	1781	-51	1864	1765	1,454	7,034
Sep	1801	-49	1889	1780	3,848	24,218
Nov	1776	-48	1861	1765	1,052	10,880
Jan	1736	-49	1819	1735	440	3,454
Mar	1711	-49	-	-	-	598
May	1706	-49	-	-	-	53
Total					7,880	46,095

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

Jul	190.25	-8.75	202.00	180.00	239	945
Sep	166.18	-14.05	181.00	165.00	3,231	11,139
Dec	146.25	-11.15	158.25	146.00	787	4,743
Mar	135.10	-10.40	146.00	139.50	352	2,294
May	130.85	-8.85	135.50	134.50	11	818
Jul	131.75	-5.75	136.00	131.50	13	216
Total					4,820	28,460

■ COFFEE (ICO) (US cents/pound)

Jun 25		Prev. day
Comp. daily	148.36	144.00
15 day average	152.86	155.18

■ WHITE SUGAR LIFFE (50 tonnes; $/tonne)

Aug	319.4	+0.5	321.0	319.4	856	12,012
Oct	315.2	-0.4	316.8	314.8	507	7,958
Dec	313.1	-0.5	313.7	313.1	182	4,007
Mar	313.7	-0.8	314.5	313.7	450	3,881
May	312.5	-1.4	312.7	312.3	150	858
Aug	311.5	+0.5	311.0	311.0	71	804
Total					2,257	30,432

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

Jul	11.11	-0.04	11.19	11.10	13,369	24,097
Oct	11.25	-0.01	11.30	11.23	17,001	91,436
Mar	11.25	+0.01	11.27	11.23	5,598	38,873
May	11.17	+0.02	11.18	11.13	736	8,164
Jul	11.07	+0.01	11.08	11.05	190	3,857
Oct	10.97	+0.01	10.95	10.94	155	1,069
Total					37,079	167,832

■ COTTON NYCE (50,000lbs; cents/lbs)

Jul	73.79	-0.41	74.18	73.60	1,215	898
Oct	76.43	-0.27	76.60	76.05	3,177	12,585
Dec	77.16	-0.26	77.25	76.85	19,318	41,011
Mar	78.33	-0.22	78.45	78.05	898	6,157
May	78.90	-0.19	78.70	78.60	174	1,424
Jul	79.05	-0.10	78.75	78.75	29	880
Total					25,056	68,104

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

Jul	73.20	-0.45	74.00	72.80	2,731	8,912
Sep	76.05	-0.45	76.90	75.85	2,476	16,553
Nov	78.80	-0.75	79.50	78.50	388	5,859
Jan	82.00	-0.15	82.30	81.50	113	2,278
Mar	84.75	-0.15	85.20	84.75	57	1,564
May	87.50	-0.15	-	-	1	318
Total					5,774	35,326

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears. Volume & Open interest totals are for all traded months.

INDICES

■ Reuters (Base: 18/9/31 = 100)

Jun 26	Jun 25	month ago	year ago
n/a	1980.8	2000.9	1996.5

■ CRB Futures (Base: 1967 = 100)

Jun 25	Jun 24	month ago	year ago
241.71	241.44		

■ GSCI Spot (Base: 1970 = 100)

Jun 25	Jun 24	month ago	year ago
185.30	184.25	196.41	199.97

LME WAREHOUSE STOCKS (tonnes)

Aluminium	-2,750	to	677,475
Aluminium alloy	+420	to	60,000
Copper	+1,625	to	124,750
Lead	-250	to	115,575
Nickel	+30	to	52,758
Zinc	-425	to	425,225
Tin	+40	to	11,560

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Aug	63.800	+0.025	64.100	63.575	5,966	42,965
Oct	67.375	+0.275	67.400	66.950	2,050	24,291
Dec	69.800	+0.178	69.850	69.450	1,157	13,510
Feb	70.875	+0.050	70.900	70.700	533	5,579
Apr	72.875	-0.100	73.025	72.775	218	2,930
Jun	69.075	+0.025	69.325	69.050	165	1,280
Total					10,138	91,881

■ LEAN HOGS CME (40,000lbs; cents/lbs)

Jul	82.250	-0.150	82.375	82.000	2,251	7,529
Aug	78.925	-0.225	79.125	78.500	1,881	11,934
Oct	71.175	+0.125	71.200	70.750	1,029	7,513
Dec	67.325	-0.325	67.525	67.150	219	4,818
Feb	66.375	-0.150	66.450	66.200	88	1,921
Apr	63.275	-0.050	63.450	63.150	28	1,018
Total					5,399	35,478

■ PORK BELLIES CME (40,000lbs; cents/lbs)

Jul	82.100	+1.000	82.250	80.850	1,201	3,080
Aug	82.150	+0.850	82.350	81.050	714	3,048
Feb	69.550	-0.675	70.750	69.725	120	528
Mar	68.000	-1.000	69.500	68.000	1	18
Jul	71.500	-0.500	-	71.500	1	2
Total					2,036	6,679

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

■ ALUMINIUM (99.7%) LME	Aug	Nov	Aug	Nov
1525	60	96	18	36
1575	32	68	40	57
1625	14	46	72	84
■ COPPER (Grade A) LME	Aug	Nov	Aug	Nov
2300	160	129	28	86
2400	96	83	63	138
2500	51	51	118	203
■ COFFEE LIFFE	Jul	Sep	Jul	Sep
1750	313	179	278	128
1800	292	158	307	157
1850	272	139	337	188
■ COCOA LIFFE	Jul	Sep	Jul	Sep
1100	6	74	8	38
1125	1	60	28	49
1150	-	50	52	84
■ BRENT CRUDE IPE	Aug	Sep	Aug	Sep
1750	-	-	38	51
1800	-	-	45	74
1850	29	66	-	102

LONDON SPOT MARKETS

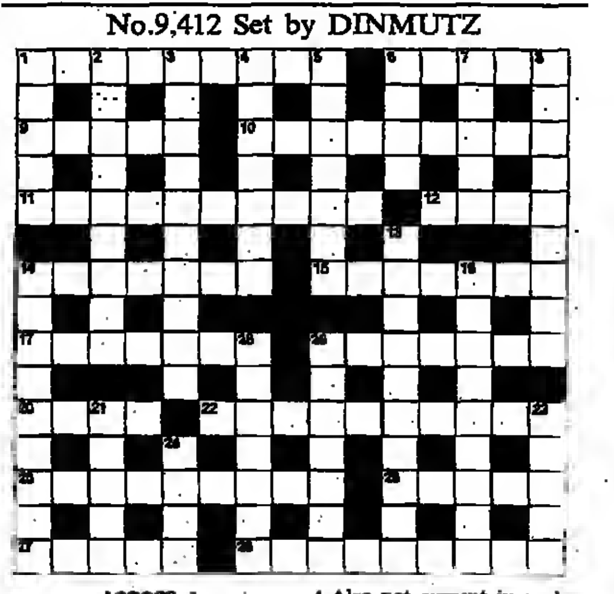
■ CRUDE OIL FOB (per barrel)		+or-
Dubai	$16.92-7.02	+0.04
Brent Blend (dated)	$17.51-7.62	+0.085
Brent Blend (Aug)	$17.86-7.87	+0.095
W.T.I.	$19.09-9.13w	+0.13
■ OIL PRODUCTS NWEprompt delivery CIF (tonne)		
Premium Gasoline	$191-193	
Gas Oil	$162-165	+3.5
Heavy Fuel Oil	$60-62	
Naphtha	$171-173	-1
Jet fuel	$178-180	+2
Diesel	$167-168	+1.5
■ NATURAL GAS (Pence/therm)		
Bacton (Jul)	9.25-9.35	-0.05
Petroleum Argus, Tel. London (0171) 359 8792		
IPE (Jul)	9.265	-0.065
■ OTHER		
Gold (per troy oz)‡	$337.75	-1.10
Silver (per troy oz)‡	476.00c	-3.00
Platinum (per troy oz.)	$416.00	+2.00
Palladium (per troy oz.)	$195.50	-0.50
Copper	115.0c	-3.0
Lead (US prod.)	45.00c	
Tin (Kuala Lumpur)	13.61r	+0.04
Tin (New York)	260.5	
Cattle (live weight)	94.53p	+1.85*
Sheep (live weight)	115.42p	-4.18*
Pigs (live weight)††	94.45p	-2.22*
Lon. day sugar (raw)	$276.10	+4.40
Lon. day sugar (wte)	$326.50	+4.50
Barley (Eng. feed)	Unq	
Maize (US No3 Yellow)	£169.00	
Wheat (US Dark North)	Unq	
Rubber (Aug)¥	65.75p	
Rubber (Sep)¥	65.75p	
Rubber (KL RSS No1)	289.5x	-2.5
Coconut Oil (Phil)§	682.5y	+2.5
Palm Oil (Malay.)§	530.0w	
Copra (Phil)§	$416.0y	+1.0
Soyabeans (US)	201.0	-4.0
Cotton Outlook'A' Index	81.40c	+1.00
Wooltops (64s Super)	448p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. x Aug. w Jul. London Physical. § CIF Rotterdam. ‡ Bullion market close. * Change on week. ††Based on 2,741 head of pigs sold.

JOTTER PAD

CROSSWORD

No.9,412 Set by DINMUTZ



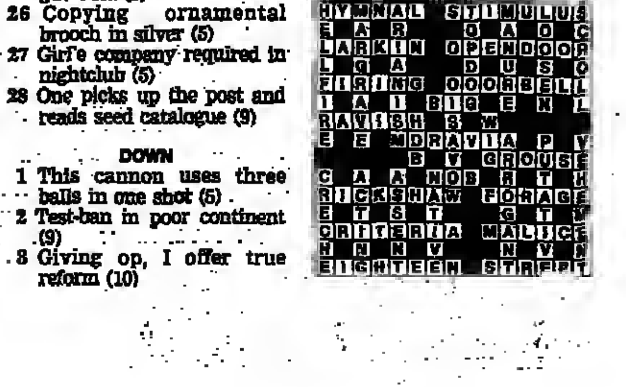
ACROSS

1 Bird's teasing move with very short steps (9)
6 Attractive feature of church member (5)
9 One stands in this section of flight (5)
10 Multiplied without having gone forth? (9)
11 Unused van here in Berkshire (10)
12 Dull apartment (4)
14 More appealing, like mountain sheep in lines? (7)
15 Re-saved in new fashion - with lead away? (7)
17 Sudden emergence of fruit on old hat (7)
19 A close friend given male lead in Rada, for example (7)
20 European flower found in level beds (4)
22 Cattle sit around a construction in this grotto feature (10)
25 One ruled, established as a guerrilla (9)
26 Copying ornamental brooch in silver (5)
27 Girl's company required in nightclub (5)
28 One picks up the post and reads seed catalogue (9)

DOWN

1 This cannon uses three balls in one shot (5)
2 Test-ban in poor continent (9)
3 Giving op, I offer true reform (10)
4 Also not current in underground (7)
5 Decoration put up around Panama (and Bath, surprisingly) (7)
6 Stop up in Irish city (4)
7 Cruel time for Eliot as foreign pair left? (5)
8 Central position not recommanded for trading punches? (9)
13 Be grateful for prize (10)
14 Make secure prison for a wader, say? (5,4)
16 Fixed sums suit Annie, when managed (9)
18 Two girls on one's knee? (7)
19 Tempted Laurel out to begin Dirty Work (7)
21 Poet's streamlets (5)
23 Arrangement of a glee - with a good score, of course (5)
24 Conversion charge for putting silver on a decimal basis? (4)

Solution 9,411



FT MANAGED FUNDS SERVICE

Offshore Funds

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

BERMUDA (REGULATED)(**)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

Offshore Funds and Insurances

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

LUXEMBOURG (REGULATED)(**)

OFFSHORE INSURANCES

هكذا من الاصل

FT MANAGED FUNDS SERVICE

Offshore Insurances and Other Funds

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

	Selling Price	Buying Price	+ or -	Yield Gross
GAM (CH) Europe	SFr148.36		+2.26	-
GAM (CH) Mondial	SFr264.30		+1.85	-
GAM (CH) Pacific	SFr323.90		+4.00	-
SEC Registered Funds				
GAMerica Capital	$11.94		+0.07	-
GAM Asian Capital	$9.86		+0.06	-
GAM Europe	$13.97		+0.20	-
GAM Global A	$17.45		+0.12	-
GAM Global B	$17.29		+0.12	-
GAM International A	$27.88		+0.35	-
GAM International B	$27.58		+0.35	-
GAM Japan Capital	$11.11		+0.11	-
GAM North America	$16.52		-0.15	-
GAM Pacific Basin A	$16.80		+0.15	-
GAM Pacific Basin B	$16.61		+0.15	-

	Selling Price	Buying Price	+ or -	Yield Gross
JF Money Fund – DM	DM104.68	104.68	+0.01	2.39
JF Money Fund – £	£108.55	109.38	+0.02	5.06
JF Money Fund – SFr	SFr102.15	102.15	-	0.57
JF Money Fund – Ecu	Ecu108.50	108.50	+0.01	3.51
JF Money Fund – C$	C$106.27	106.27	+0.01	2.43
JF Money Fund – A$	A$110.87	110.87	+0.02	4.00
JF Money Fund – HK$	HK$108.58	108.58	+0.02	5.83
JF Capital Guaranteed Master Series				
Hong Kong Index Sub Fund	$10.83		+0.07	-
Tokyo Index Sub Fund	$8.23	8.83	+0.11	-
New York Index Sub Fund	$10.10		-	-
DEM Bull Sub Fund	$8.57		+0.07	-
DEM Bear Sub Fund	$11.75		-0.09	-
Yen Bull Sub Fund	$8.11	8.52	+0.05	-
Yen Bear Sub Fund	$12.02		-0.07	-
USD Account	$108.17	114.44	+0.02	5.18

	Selling Price	Buying Price	+ or -	Yield Gross
Global Atlc Inc				
NAV Jun 24	$1104.32		—	-
Global Convertible Megatrend				
NAV May 30	$130.26		—	-
Global Investment Fund Ltd				
NAV Mar 20	$784.30		—	-
The Global Managed Investec Bond Limited				
Global Growth	$1.149	1.207	—	0.09
US Dollar Managed	$1.120	1.176	—	0.00

	Selling Price	Buying Price	+ or -	Yield Gross
Jardine Fleming Unit Trusts Ltd - Contd.				
Limited Issue Funds*				
JF Far Eastern Wrnts Trst.	$15.29	16.18	+0.41	-
JF Guaranteed Currency Int'l	$10.12		-0.17	-
JF Japan Capital Guaranteed Int'l	$11.72		+0.29	-
JF Japan Dollar Guaranteed Int'l	$11.06		+0.26	-
JF Asia-Pacific Cap Gtd Tst	$8.79		+0.11	-
JF Asia-Pacific Cap Gtd Tst	$9.03		+0.12	-
JF Japan Leveraged	Y787	834	+11	-
JF Japan Warrant Tst	$4.48	4.75	+0.12	-
JF Asia Lvg Tst (Broadbased)	Y3731	3946	+84	-
JF Topaz Tst (Broadbased)	T$438.00	465.40	+8.00	-

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								

BANKS, RETAIL

BREWERIES, PUBS & REST

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

CHEMICALS

CHEMICALS - Cont.

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ENGINEERING

ENGINEERING - Cont.

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

EXTRACTIVE INDUSTRIES - Cont.

FOOD PRODUCERS

GAS DISTRIBUTION

HEALTH CARE

HEALTH CARE - Cont.

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

INV TRUSTS SPLIT CAPITAL

LONDON SHARE SERVICE

OTHER INVESTMENT TRUSTS

[illegible]

INVESTMENT COMPANIES

[illegible]

LEISURE & HOTELS

[illegible]

LIFE ASSURANCE

[illegible]

MEDIA

[illegible]

MEDIA - Cont.

[illegible]

OIL EXPLORATION & PRODUCTION

[illegible]

OIL, INTEGRATED

[illegible]

OTHER FINANCIAL

[illegible]

PAPER, PACKAGING & PRINTING

[illegible]

PHARMACEUTICALS

[illegible]

PROPERTY

[illegible]

PROPERTY - Cont.

[illegible]

RETAILERS, FOOD

[illegible]

RETAILERS, GENERAL

[illegible]

RETAILERS, GENERAL - Cont.

[illegible]

SUPPORT SERVICES

[illegible]

SUPPORT SERVICES - Cont.

[illegible]

TELECOMMUNICATIONS

[illegible]

TEXTILES & APPAREL

[illegible]

TOBACCO

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

AIM

[illegible]

AIM - Cont.

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

SOUTH AFRICANS

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind R		£25	—	*£28½	£20¼	1,815	2.9	ϕ
Barlow	†	£9½	[illegible]	£7½	£5½	1,338	2.2	13.7
Gold Flds Prop R	†	177	+1	188½	130	181	4.9	13.6
SA Brews		£18½xd	+¼	£19½	£13¾	3,408	2.1	ϕ
Standard Bank		£25½	+¼	£29½	£21	3,506	1.8	ϕ
Tiger Oats	†	1100xd	—	1100	770	1,963	1.7	21.5
Tongaat-Hulett		730xd	-1	842	676½	717.5	2.6	ϕ

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service are delivered by Extel, part of Financial Times Information.

Company classifications are based on those used for the FTSE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices over a rolling 52 week period.

Where stocks are denominated in currencies other than sterling, this is indicated after the name. Prices shown for some of these foreign securities are converted into sterling from latest available local Stock Exchange prices.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Earnings used in calculations are based on IIMR 'Headline Earnings' formats.

Price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures.

Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised & dilution occurs.

- * Highs and lows marked thus have been adjusted to allow for capital changes.
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ϕ Figures or report awaited
- ♥ Rule 2.1(a)(iv) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below.
- †† Rule 4.2(a) Irish incorporated non-listed companies.
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield, p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme

a Yield based on annualised dividend. b Figures based on prospectus or other official estimates. & Assumed dividend yield after rights issue. h Assumed dividend yield after scrip issue. n Rights issue pending. q Earnings based on preliminary figures. s Dividend yield excludes a special payment. t Indicated dividend yield, p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings. z Dividend yield includes a special payment.

F Yield based on prospectus or other official estimates for 1996-97. G Assumed yield after pending scrip and/or rights issue. H Yield based on prospectus or other official estimates for 1997. K Yield based on prospectus or other official estimates for 1996. L Estimated annualised yield, p/e based on latest annual earnings. M Yield based on prospectus, or other official estimates for 1997-98. Q Dividend & paid in whole or part as a

FID (Foreign Income Dividend). R Forecast annualised yield, p/e based on prospectus or other official estimates. W Pro forma figures. Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1425 a year for each security shown, subject to the Editor's discretion.

♣ FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Please quote the code FT7285. Ring 0181 770 0770 (open 24 hours including weekends) or Fax 0181 770 3822. Reports will be sent the next working day, subject to availability.

FT Company Focus / Focus Plus

Comprehensive 10-16 page report available on this company, containing key news stories from the last year, latest survey of City profit forecasts and investment recommendations, 5 year financial and share price performance review, balance sheet and profit and loss data, plus recent Stock Exchange announcements.

Company Focus (FT news) £8.45.

Focus Plus (FT and Investors Chronicle news) £10.95.

To order, call 0121 200 4678.

Reports published by ShareFinder.

FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

Calls are charged at 50p per minute at all times.

An international service is available for callers outside the UK, annual subscription £250 stg. Please consult your financial adviser and verify financial pricing information obtained via FT Cityline before making any investment decision.

All access to and use of FT Cityline is subject to FT Cityline terms and conditions - your copy will be sent free on request.

Call 0171 873 4378 for more information on FT Cityline.

The share prices printed on these pages are also available on the internet at http://www.FT.com.

LONDON STOCK EXCHANGE

Equities up again as Budget fears recede

MARKET REPORT

By Steve Thompson, UK Stock Market Editor

Another demonstration of the London equity market's resilience in the face of a volatile Wall Street saw share prices safely negotiate a squally start to the day and eventually finish on a strong note.

A 17.9 gain in the FTSE 100 to 4,657.9 brought the gain over the past three days to 82.1, or 1.8 per cent, since the UK market began a determined recovery.

Continuing the trend of recent sessions the second liners and small caps were left behind by the leaders. The FTSE 250 index struggled all day and settled a net 5.9 up at 4,459.4, while the FTSE SmallCap index dipped 2.2 to 2,236.0.

The focus of attention in London shifted away from the recently buoyant financial areas of the market – the banks and insurances – and alighted on the utilities and oil sectors, both of which delivered exceptionally powerful performances.

In the background to London's latest solid showing was the better mood in the City about the probable content of Chancellor Gordon Brown's maiden Budget next Wednesday. Dealers said they now expected the chancellor to remove the tax credit of dividends in a series of steps rather than at a stroke.

In addition, there were reports yesterday that the proposed windfall profits tax on the privatised utilities might be as low as £3bn, compared with the £5bn-plus figure that had been commonly put forward in recent months. The Ofwat report into the water companies was also seen as lifting spirits in the water sector.

"It looks increasingly as if the extreme worries about the Budget were overdone," said one senior marketmaker, although he warned that there remained plenty of scope for the chancellor to upset the market in other areas.

Wall Street's latest erratic performance overnight, which saw the Dow Jones Industrial Average slide over 130 points before launching a strong rally to close down at around half that amount, provided London with food for thought at the outset.

Three-figure moves in the Dow during the last three trading sessions – two on the downside and one on the upside – unnerved some dealers in London, with share prices slipping away at the start and looking uncomfortable for a brief period.

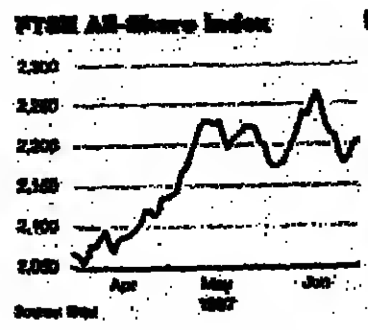
But the encouraging reports about the windfall profits tax and the more relaxed approach to the Budget helped soothe market nerves, with the leaders regaining their composure in mid-morning and going on to record useful gains on balance.

Wall Street's uncertain opening yesterday afternoon took UK share prices off their best levels, but overall the equity market looked in reasonably good shape at the close.

Utilities occupied four out of the top five places in the FTSE 100 and six out of the top 10 places in the FTSE 250. Number one position in the 100 index was taken by BTR, lifted by talk of a broker recommendation.

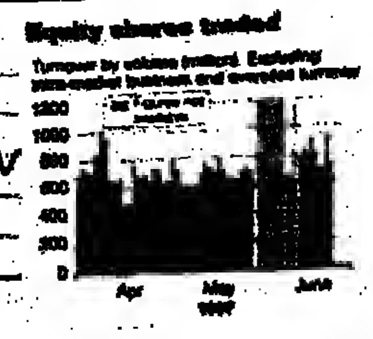
Turnover at 6pm was 885m.

FTSE All-Share Index



Equity shares traded

Turnover by volume (million). Excluding intra-market business and overseas turnover



Indices and ratios

FTSE 100	4657.9	+17.9	FT 30	3014.40	+17.2
FTSE 250	4459.4	+5.9	FTSE Non-Fins p/e	18.70	18.66
FTSE 350	2251.5	+7.5	FTSE 100 Fut Jun	4686.0	+22.0
FTSE All-Share	2208.71	+6.74	10 yr Gilt yield	7.13	7.13
FTSE All-Share yield	3.52	3.53	Long gilt/equity yld ratio	2.04	2.03

Best performing sectors

1 Water .... +4.0
2 Electricity .... +2.6
3 Oil Integrated .... +2.3
4 Diversified Inds .... +2.0
5 Mineral Extraction .... +1.7

Worst performing sectors

1 Tobacco .... -2.5
2 Extractive Inds .... -1.8
3 Leisure & Hotels .... -0.9
4 Media .... -0.7
5 Retailers: General .... -0.6

Tax hope lifts utilities

By Peter John and Martin Brice

Utilities headed the list of outperformers as the market became increasingly confident that the government's proposed tax on windfall profits was likely to be at the lower end of consensus forecasts.

Forecasts for the windfall tax have been as high as £10bn and now appear to be in a range of £5bn to £3bn.

Also, the water regulator came out with a statement that contained no unpleasant surprises.

And a recent strong performance from BG left valuations looking skewed. One analyst said that with BG offering no dividend growth and yielding 5 per cent, 14 per cent dividend growth in the water sector was incompatible with a 7 per cent yield.

Reflecting yesterday's well-received statement and valuation differentials, Mr Kevin Lapwood at Mees Pierson said: "If the windfall tax turns out to be only £3bn there is 100p of upside in many of the water stocks."

Four of the five strongest performers in the Footsie came from the water and electricity sectors.

In descending order of percentage rises, Severn Trent gained 34 to 752½p, Thames Water 25 to 692½p, Scottish Power 13 to 377½p and United Utilities 22 to 646p.

Meanwhile, BG was buoyed further with one continental bank believed to have a open buy order on the shares, which added 3 at 234p following Wednesday's strong rise.

Oil majors accounted for much of the strength in the Footsie as both BP and Shell moved smartly higher in the wake of recommendations and a marginally positive outcome to Opec talks.

BP's gain of 23 to 737½p represented 7.5 points on the Footsie, while Shell Transport's rise of 19½ to £12.58½p accounted for almost 4 points.

BP was helped by an upgrade from SBC Warburg, which raised its stance to "add" from "hold". It pointed out that BP had underperformed against its rivals, particularly Royal Dutch Shell.

Dresdner Kleinwort Benson and NatWest Securities were also positive.

Finally BP announced an asset swap with Statoil, the Norwegian oil company.

The swap will increase its holding in three North Sea oilfields. Finally, the shares tracked a firmer crude price after OPEC's agreement overnight to commit to quotas and cut back production.

Glaxo Wellcome fell sharply as one of its strongest supporters injected a note of caution into the stock.

Mr Steve Plag, pharmaceuticals analyst at BZW, has consistently supported the stock and recommended it heavily in March on the basis that Glaxo was on track to achieve earnings growth of up to 13 per cent in 1999.

Yesterday, he cut his current-year earnings per share forecast by 8 per cent to 51.9p and his full-year profit forecast £115m to £2.72bn. He also argued that while he still believed Glaxo would be the "strongest drugs company in the world by 1999", investors who were overweight in the stock might consider "trimming" their holdings.

He said costs were rising because the company was building sales capacity in the US and increasing expenditure on direct consumer advertising while the strength of sterling was hitting profits.

Many investors were said to be switching some funds into Zeneca, which jumped 34 to £19.70, just 30 off its intra-day peak. Glaxo fell 18½ to £12.59p.

BTR was the most heavily traded Footsie stock, with 18m dealt. The shares, which have been very weak in recent months, rose 10 to 204p, powered by a press story that said a break-up of the company could yield £3bn over the current market value.

However, traders were unsure who would be big enough to mount a bid for BTR, which has a current market capitalisation of around £8bn.

BPB gave up 2 to 333p after its results highlighted its exposure to weakness in European paper and fears of plasterboard prices, which prompted SGST to downgrade its forecast for next year from £205m to £180m.

BAT dipped 17½ to 535½p after news late on Wednesday that the US tobacco pact was under pressure.

Cater Allen jumped 15 to 595p in response to the expected announcement of a firm offer from Abbey National. The shares closed above the 580p a share offer price in anticipation of a 21p dividend next week.

Asda rose 3½ to 125½p after a set of strong results. Similar stocks rose in sympathy: Safeway rose 2¼ to 341p, J Sainsbury firmed ½ to 357½p and Tesco was up 1 to 372p. Investors will be keen to hear a trading update at Safeway's AGM on Tuesday.

There was talk of broker upgrades after Asda delivered figures at the top end of expectations, although analysts suggested the company was hinting they should stick with forecasts of £375m.

GUS fell 41½ to 623½p. Although the results were in line with expectations, any hopes of a special dividend were dashed and there were disappointments in currency, VAT and the costs in the home shopping side. Profits forecasts for this year were being revised down from £615m-£655m to about £580m-£630m. However, ABN Amro Hoare Govett, who remain buyers of the stock, were sticking at £600m.

N Brown were marked down 2 when the GUS meeting was told it was aiming at the N Brown market, but recovered later after its own trading statement said like-for-like sales were up 15 per cent. Its shares firmed to 381½p.

Investor nervousness towards retail stocks was evident in the flight to defensive stocks following the GUS news. Boots continued its run, helped by talk of positive comment from Merrill Lynch, and rose 13½ to 718½p.

First Leisure was the subject of a note from NatWest Securities thet focused on the troubles at the bingo side. Mr Mark Finnie at the broker said the bingo problem will be dealt with. "On this basis the shares are not expensive – but the seeming lack of urgency must have everyone somewhat concerned," he said. The shares were static at 310½p.

Greene King shares were marked up 18 to 671½p after positive brokers' comments stemming from a strong set of results on Wednesday. Goldman Sachs marginally upgraded forecasts and reiterated its "market outperformer" stance on the stock. NatWest Securities took an "add" position, and said the shares were on a 20 per cent discount to the market.

FT 30 INDEX

	Jun 26	Jun 25	Jun 24	Jun 23	Jun 20	Yr ago	*High	*Low
FT 30	3014.4	2997.2	2976.5	2970.3	2972.0	2714.1	3077.4	2668.8
Ord. div. yield	3.66	3.67	3.70	3.70	3.70	4.11	4.22	3.56
P/E ratio net	18.12	18.07	17.96	17.94	17.94	16.40	18.64	15.80
P/E ratio nil	17.94	17.88	17.78	17.78	17.76	15.95	18.45	15.71

FT 30 since compilation: high 3077.4 13/06/97; low 49.4 26/06/40. Base Date: 1/7/35.

FT 30 hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
3001.3	2997.4	3003.4	3005.1	3007.4	3014.9	3011.2	3007.9	3011.9	3015.1	2996.2

	Jun 26	Jun 25	Jun 24	Jun 23	Jun 20	Yr ago
SEAQ bargains	48,450	51,094	48,380	53,862	49,805	28,760
Equity turnover (£m)†	-	NA	3012.7	2717.6	4112.9	1977.1
Equity bargains†	-	NA	45,198	47,323	40,747	31,742
Shares traded (m)†	-	NA	790.0	753.5	837.5	646.1

†Excluding intra-market and overseas turnover but including Crest turnover.

*For 1997.

■ London market data

Rises and falls*		52 Week highs and lows		LIFFE Equity options	
Total Rises	613	Total Highs	57	Total contracts	45,281
Total Falls	853	Total Lows	116	Calls	24,556
Same	1,809			Puts	20,725

Jun 26 *Data based on Equity shares listed on the London Share Service.

FUTURES AND OPTIONS

■ FTSE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	4660.0	4686.0	+22.0	4697.0	4643.0	9443	62590
Dec	4708.0	4744.0	+22.0	4729.0	4708.0	38	7270

■ FTSE 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	-	4529.0	+5.0	-	-	0	7108

■ FTSE 100 INDEX OPTION (LIFFE) (*4658) £10 per full index point

[illegible]	[illegible]

■ EURO STYLE FTSE 100 INDEX OPTION (LIFFE) £10 per full index point

[illegible]	[illegible]

† Long dated expiry months.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1997 High	1997 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
§	F.P.	95.9	1200	762½	Aston Villa	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	F.P.	12.8	102	42½	Candon 9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
*	F.P.	1,984	312½	270½	Gallaher	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
§2½	F.P.	3.25	3¾	3	Grosmont Hldgs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
§-	F.P.	0.60	¾	½	Grosmont Hld Wrt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
§140	F.P.	11.2	147½	98½	Heart of Midlthn.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
§120	F.P.	10.3	127½	124½	†Highland Timber	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
100	F.P.	3.25	125	102½	†Integrated As Mg	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
§	F.P.	3.88	119½	112½	Longbridge Intl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
290	F.P.	6,417	357½	318½	Norwich Union	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
§185	F.P.	116.7	197½	195½	Powderject Pharm	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
100	F.P.	33.1	110½	99½	Radbourne Marlin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
§	F.P.	68.0	227	204½	Royalblue Grp	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
§100	F.P.	7.98	120½	110½	†SBS Group	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
§150	F.P.	116.8	157½	155½	SGB Group	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
§100	F.P.	22.5	112½	107	Topps Tiles	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
§3	F.P.	5.04	4	3½	Versatile Group	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† Alternative Investment Market. § Placing price. * Introduction. For a full explanation of all other symbols please refer to The London Share Service notes.

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renun. date	1997 High	1997 Low	Stock	Closing price p	+or-
220	Nil	16/7	24½pm	9½pm	Benchmark Group	9½pm	-2
155	Nil	9/7	15½pm	1½pm	Century Inns	2pm	-½
?	Nil	15/7	½pm	¼pm	Millwall Hldgs	½pm	
75	Nil	11/7	7½pm	6pm	Waterfall Hldgs	6pm	

pm premium.

FTSE GOLD MINES INDEX

	Jun 26	% chg on day	Jun 25	Year ago	Gross div yield %	P/E ratio	52 week High	52 week Low
Gold Mines Index (31)	1427.88	+1.0	1414.14	2081.24	2.36	-	2130.08	1414.14
■ Regional Indices								
Africa (14)	1485.05	-1.0	1500.54	2792.61	5.94	23.73	2917.88	1485.05
Australasia (6)	1623.27	-1.3	1644.38	2454.56	3.18	18.38	2458.85	1623.27
North America (11)	1387.57	+2.1	1359.48	1828.06	1.03	57.58	1884.08	1335.84

Figures in brackets show number of companies. Basis US Dollars. Base Value: 1000.00 31/12/92. † Partial. Latest prices were unavailable for this edition.

FTSE Actuaries Share Indices — The UK Series

Produced in conjunction with the Faculty and Institute of Actuaries

	Jun 26	Day's chge%	Jun 25	Jun 24	Jun 23	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
FTSE 100	4657.9	+0.4	4640.0	4596.3	4575.8	3678.8	3.50	2.04	17.52	91.23	1989.30
FTSE 250	4459.4	+0.1	4453.5	4447.3	4454.8	4340.9	3.72	1.61	20.85	94.45	1868.24
FTSE 250 ex IT	4463.1	+0.1	4458.2	4455.0	4464.1	4379.7	3.86	1.64	19.69	97.37	1873.26
FTSE 350	2251.5	+0.3	2244.0	2226.3	2219.0	1857.1	3.54	1.95	18.08	44.77	1964.54
FTSE 350 ex IT	2251.0	+0.3	2243.4	2225.7	2218.4	-	3.57	1.96	17.85	12.34	1007.05
FTSE 350 Higher Yield	2186.4	+0.4	2178.1	2165.1	2161.7	1779.1	4.78	1.76	14.65	53.19	1617.05
FTSE 350 Lower Yield	2321.4	+0.3	2314.5	2292.5	2281.8	1942.1	2.51	2.26	22.07	35.75	1658.89
FTSE SmallCap	2236.02	-0.1	2238.22	2234.38	2246.36	2193.97	3.19	1.72	22.80	37.66	1899.36
FTSE SmallCap ex IT	2212.87	-0.2	2216.29	2214.62	2227.24	2194.71	3.45	1.80	20.16	40.35	1895.51
FTSE All-Share	2206.71	+0.3	2199.97	2183.60	2177.79	1843.91	3.52	1.94	18.34	43.39	1954.01
FTSE All-Share ex IT	2205.68	+0.3	2198.88	2182.43	2178.41	-	3.56	1.96	17.97	12.06	1004.37

■ FTSE Actuaries Industry Sectors

	Jun 26	Day's chge%	Jun 25	Jun 24	Jun 23	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(20)	4487.45	+1.7	4412.96	4368.02	4367.41	3468.09	3.40	2.01	18.26	88.75	2010.28
12 Extractive Industries(5)	4421.86	-1.8	4498.01	4489.82	4433.45	4233.18	3.56	2.36	14.74	104.80	1351.82
15 Oil, Integrated(3)	4644.87	+2.3	4538.80	4490.70	4488.58	3521.51	3.59	1.95	17.86	94.47	2139.70
18 Oil Exploration & Prod(12)	3736.20	+0.5	3716.97	3649.43	3649.79	2496.06	1.55	2.21	36.41	37.61	2266.62
20 GEN INDUSTRIALS(267)	1925.66	+0.4	1918.10	1918.93	1927.70	2014.67	4.15	1.88	16.05	41.52	1100.20
21 Building & Construction(35)	1363.24	-0.6	1371.57	1378.04	1384.18	1163.50	3.25	1.93	19.95	25.53	1186.20
22 Building Matls & Merchs(30)	1871.03	+0.7	1858.87	1853.17	1864.38	1857.06	4.30	2.79	10.40	41.69	988.80
23 Chemicals(26)	2431.80	+0.1	2429.14	2410.32	2405.80	2417.70	4.36	1.48	19.48	64.32	1213.31
24 Diversified Industrials(16)	1315.56	+2.0	1289.23	1295.28	1297.62	1590.47	5.54	1.99	11.34	37.18	779.79
25 Electronic & Elect Equip(36)	2000.59	-0.2	2004.80	2011.37	2035.46	2264.11	3.94	1.53	20.75	17.88	1071.44
26 Engineering(68)	2552.37	+0.1	2549.09	2550.34	2561.94	2427.97	3.33	2.26	16.59	50.24	1810.32
27 Engineering, Vehicles(13)	2905.94	+1.0	2875.81	2889.54	2899.59	3010.85	3.53	‡	‡	54.73	1564.55
28 Paper, Pckg & Printing(27)	2048.18	-0.5	2058.60	2062.33	2076.12	2553.31	5.13	1.85	13.19	58.25	894.46
29 Textiles & Apparel(14)	1059.82	-0.2	1061.48	1060.09	1071.30	1358.53	6.60	1.00	19.01	41.78	697.55
30 CONSUMER GOODS(95)	4533.67	-0.2	4544.72	4498.36	4507.67	3524.63	3.41	1.80	20.37	88.91	1751.25
32 Alcoholic Beverages(7)	3279.85	+0.3	3269.32	3270.00	3290.97	2707.20	4.04	1.88	16.48	76.75	1247.17
33 Food Producers(25)	2927.71	-0.2	2933.51	2911.64	2915.03	2500.85	3.79	1.84	17.91	67.77	1387.20
34 Household Goods(17)	2946.65	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36 Health Care(15)	2244.89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
37 Pharmaceuticals(18)	7364.19	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
38 Tobacco(3)	4459.31	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
40 SERVICES(272)	2584.90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 Distributors(30)	2720.78	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Leisure & Hotels(31)	3253.87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43 Media(44)	4048.11	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44 Retailers, Food(15)	2094.71	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Retailers, General(53)	2037.82	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
47 Breweries, Pubs & Rest.(22)	3093.85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
48 Support Services(54)	2690.52	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 Transport(23)	2782.21	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
60 UTILITIES(31)	2951.01	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62 Electricity(9)	3179.39	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64 Gas Distribution(2)	2096.07	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Telecommunications(8)	2404.56	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Water(12)	2572.45	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 NON-FINANCIALS(675)	2228.14	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 FINANCIALS(108)	4287.72	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Banks, Retail(10)	6600.97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
73 Insurance(18)	1679.78	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
74 Life Assurance(7)	4703.45	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
77 Other Financial(29)	3137.12	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
79 Property(44)	1954.75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
80 INVESTMENT TRUSTS(127)	3413.62	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
89 FTSE All-Share(910)	2206.71	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
105 FTSE All-Share ex IT(783)	2205.68	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FTSE Fledgling	1258.56	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FTSE Fledgling ex IT	1262.22	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FTSE AIM	1055.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FTSE 100	4639.2	4629.9	4641.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FTSE 250	4455.4	4455.7	4455.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FTSE 350	2243.8	2240.3	2244.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FTSE SmallCap	2237.82	2238.49	2235.95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FTSE All-Share	2199.81	2196.47	2200.59	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Time of FTSE 100 Day's high: 1:28 PM Day's low: 9:05 AM. Time of FTSE All-Share Day's high: 1:08 PM Day's low: [illegible]

Further information is available on http://www.ftse.com

† Sector P/E ratios greater than 80 and net covers less than 30 are not shown. ‡ Values are negative.

TRADING VOLUME

■ Major Stocks Yesterday

Stock	Vol. 000s	Closing price	Day's change
[illegible]	[illegible]	[illegible]	[illegible]

هيكل أموال الأصول

Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Jun 26 / Sch) [illegible]

BELGIUM/LUXEMBOURG (Jun 26 / Frs.) [illegible]

CZECH REP (Jun 26 / Koruna) [illegible]

DENMARK (Jun 26 / Kr) [illegible]

FINLAND (Jun 26 / Mks) [illegible]

FRANCE (Jun 26 / Frs.) [illegible]

GERMANY (Jun 26 / Dm.) [illegible]

GREECE (Jun 26 / Drachma) [illegible]

ITALY (Jun 26 / Lire) [illegible]

NETHERLANDS (Jun 26 / Fl.) [illegible]

NORWAY (Jun 26 / Kroner) [illegible]

POLAND (Jun 26 / Zloty) [illegible]

PORTUGAL (Jun 26 / Escudo) [illegible]

SPAIN (Jun 26 / Pts.) [illegible]

SWEDEN (Jun 26 / Kronor) [illegible]

SWITZERLAND (Jun 26 / Frs.) [illegible]

TURKEY (Jun 26 / TL Lira) [illegible]

PACIFIC

JAPAN (Jun 26 / Yen) [illegible]

HONG KONG (Jun 26 / H.K.$) [illegible]

INDONESIA (Jun 26 / Rupiah) [illegible]

MALAYSIA (Jun 26 / MYR) [illegible]

NEW ZEALAND (Jun 26 / NZ $) [illegible]

SINGAPORE (Jun 26 / S$) [illegible]

AUSTRALIA (Jun 26 / Aust$) [illegible]

SOUTH KOREA (Jun 26 / Won) [illegible]

TAIWAN (Jun 26 / TW $) [illegible]

THAILAND (Jun 26 / Baht) [illegible]

AFRICA

SOUTH AFRICA (Jun 26 / Rand) [illegible]

NORTH AMERICA

CANADA

TORONTO (Jun 26 / Can $) 4 pm close [illegible]

MONTREAL (Jun 26 / Can $) 4 pm close [illegible]

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. * Calendar year high and low. ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. | Prices in US $.

♣ FT Free Annual Reports Service
You can obtain the current annual reports of any companies on this page with ♣ symbol. For North American companies you can either ring +1 804 320 8097, or fax your request to +1 804 320 8135 or order online at http://www.icbinc.com/cgi-bin/ft. For companies from ALL other countries ring 0181 770 0770 or fax your request to 0181 770 3822 (outside UK ring +44 181 770 0770 or fax your request to +44 181 770 3822).

INDICES

	Jun 26	Jun 25	Jun 24	1997 High		1997 Low	
Argentina							
General(29/12/77)	(u)	23105.02	23194.78	23194.78	24/6	18237.37	2/1
Australia							
All Ordinaries(1/1/80)	2699.9	2705.1	2688.4	2712.80	20/6	2362.20	1/4
All Mining(1/1/80)	916.8	930.2	934.1	987.16	24/2	878.40	15/4
Austria							
Credit Aktien(30/12/84)	411.37	411.75	408.20	431.07	5/6	374.40	9/1
Traded Index(2/1/91)	1298.28	1295.91	1283.69	1318.70	27/5	1130.22	9/1
Belgium							
BEL20(1/1/91)	2374.81	2373.59	2355.19	2400.38	13/6	1871.08	2/1
Brazil							
Bovespa(29/12/83)	(u)	13053.0	12587.0	13053.00	25/6	6905.59	2/1
Canada							
Metals Minls♦(1975)	(u)	5149.78	5174.09	6684.75	10/3	4845.98	11/4
Composite♦(1975)	(u)	6515.10	6491.00	6558.80	13/6	5579.30	14/4
Portfolio§§(4/1/83)	(u)	3305.69	(c)	3330.86	13/6	2846.02	11/4
Chile							
IGPA Gen¥(31/12/80)	(u)	5719.07	5744.33	5843.79	13/6	4912.42	2/1
Denmark							
Copenhagen SE(3/1/83)	586.53	590.52	591.53	592.16	23/6	470.14	2/1
Finland							
HEX General(28/12/90)	3309.90	3226.17	3178.33	3226.17	25/6	2480.28	2/1
France							
SBF 250(31/12/90)	1885.73	1873.73	1828.59	1885.73	26/6	1533.19	2/1
CAC 40(31/12/87)	2893.64	2867.44	2784.76	2893.64	26/6	2258.97	2/1
Germany							
FAZ Aktien(31/12/58)	1294.96	1288.95	1276.84	1294.96	26/6	986.21	2/1
Commerzbank(1/12/53)	3812.40	3794.80	3753.40	3812.40	26/6	2875.90	2/1
DAX‡(30/12/87)	3805.29	3788.51	3755.82	3805.29	26/6	2848.77	2/1
Greece							
Athens SE(31/12/80)	1530.34	1543.54	1498.94	1727.78	23/5	954.54	2/1
Hong Kong							
Hang Seng(31/7/64)	15128.02	15065.02	14890.96	15184.38	20/6	12055.17	3/4
India							
BSE Sens.(1979)	4111.35	4082.59	4119.39	4119.39	24/6	3225.24	2/1
Indonesia							
Jakarta Comp.(10/8/82)	709.40	712.49	713.39	719.69	23/6	631.27	15/4
Ireland							
ISEQ Overall(4/1/88)	3362.94	3372.78	3352.82	3372.78	25/6	2725.07	2/1
Italy							
Banca Comm Ital(1972)	838.46	844.54	838.27	844.54	25/6	642.55	2/1
MIB General(2/1/97)	1260.0	1269.0	1261.0	1269.00	25/6	981.00	2/1
Japan							
Nikkei 225(16/5/49)	20624.76	20679.27	20341.93	20681.07	16/6	17303.65	10/1
Nikkei 300(1/10/82)	302.54	302.21	298.82	302.54	26/6	251.04	27/1
Topix(4/1/68)	1580.28	1558.44	1531.97	1580.28	26/6	1320.82	10/4
2nd Section(4/1/68)	1839.15	1836.10	1830.04	1841.88	20/6	1519.80	15/4
Malaysia							
KLSE Comp.(4/4/86)	1088.74	1089.96	1077.92	1271.57	25/2	1041.27	15/5
Mexico							
IPC(Nov 1978)	(u)	4397.82	4403.45	4438.14	20/6	3389.48	2/1
Netherland							
CBS TtlRtnGen(End 83)	1026.7	1024.4	1014.0	1028.70	26/6	730.80	2/1
CBS All Shr(End 83)	588.2	591.0	585.9	593.20	26/6	428.00	2/1
New Zealand							
Cap. 40(1/7/86)	2410.15	2402.53	2398.97	2440.21	20/1	2207.48	1/4
Norway							
Oslo SE(Ind)(2/1/83)	1998.27	1993.17	1992.48	1998.27	26/6	1538.03	2/1
Philippines							
Manila Comp(2/1/85)	2837.10	2823.29	2818.27	3447.80	3/2	2489.88	20/5
Portugal							
BVL 30(4/1/93)	3198.04	3173.33	3135.02	2198.04	26/6	2165.57	2/1
Singapore							
SES All-S'pore(2/4/75)	495.75	495.66	494.13	573.03	17/2	478.94	28/4
South Africa							
JSE Gold(28/9/78)	1008.0¥	1007.4	1018.6	1586.10	27/2	1007.40	25/6
JSE Indl.(28/9/78)	8742.3¥	8689.9	8624.2	8742.30	26/6	7859.80	2/1
South Korea							
KoreaCompEx**(4/1/80)	744.34	744.99	753.70	792.29	17/6	611.05	7/1
Spain							
Madrid SE(30/12/85)	603.69	601.73	592.08	603.89	26/6	434.64	2/1
Sweden							
AffarsvardsGen(1/2/37)	3023.8	3018.7	2984.2	3023.80	26/6	2378.50	3/1
Switzerland							
SMI Index(1/7/88)	5689.9	5662.4	5578.1	5689.90	26/6	3822.90	7/1
SPI General(1/9/87)	3577.88	3571.55	3525.48	3577.88	26/6	2508.22	6/1
Taiwan							
Weighted Pr.**(30/6/66)	8971.75	8956.41	8918.17	8956.41	25/6	6844.75	6/1
Thailand							
Bangkok SET(30/4/75)	520.02	495.03	493.13	858.97	22/1	464.77	19/6
Turkey							
IMKB Nat 100(1986)	1705.00	1673.00	1664.00	1774.00	23/6	895.00	2/1
WORLD							
MS Capital Intl(1/1/70)	949.0*	946.2	941.9	949.40	25/6	794.50	14/4
CROSS-BORDER							
Eurotrack 100(26/10/90)	2536.55	2511.55	2479.83	2536.85	26/6	1863.80	2/1
FTSE E 100(26/5/90)	2130.39	2117.40	2084.44	2130.39	26/6	1582.86	2/1
HSBC JC Dragon(31/12/88)	(u)	423.74	421.53	429.46	20/1	381.54	28/4
ING Bngs Euro(7/1/92)	190.12	189.11	188.05	190.11	25/6	159.74	3/1

INDEX FUTURES

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
CAC-40 (200 x Index)							
Jun	2878.0	2894.0	+31.0	2899.5	2862.0	30,022	18,717
Jul	2880.0	2892.5	+31.5	2898.0	2862.5	11,413	23,474
DAX							
Sep	3827.5	3847.0	+6.0	3857.5	3822.0	18,687	82,728
Dec	3861.0	3875.0	+8.5	3884.5	3855.5	45	1,577
OMX							
Jun	2410.00	2417.50	+8.50	2420.00	2401.25	7,133	10,751
Jul	2418.00	2427.00	+10.25	2427.25	2377.25	4,268	19,567
SOFFEX							
Jul	5679.9	5680.0	+5.1	5708.0	5662.5	3,432	19,885
Aug	-	5688.5	-	-	-	-	446

** Sat June 21: Taiwan Weighted Price 8833.83. Korea Comp Ex 790.40. Base values of all indices are 100 except Australia All Ord and Mining – 500; Austria Traded, BEL20, HEX Gen., MIB Gen., BVL30, SBF250, CAC40, SPI, Euro Top-100, ISEQ Overall; Toronto Comp./Met & Mins, DAX – all 1,000; SMI - 1500; JSE Gold – 255.7; JSE 20 Ind – 264.3; IMKB Nat 100 - 1; NYSE All Common – 50; Stand & Poor's – 10 and Amex Comp - 550. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours Index: Jun 25 - 3820.16 +0.04. † Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ¥ Subject to official recalculation.

US INDICES

Dow Jones	Jun 25	Jun 24	Jun 23	1997 High	1997 Low	Since compilation High	Since compilation Low
Industrials	7689.98	7758.06	7604.26	7796.51 (20/6)	6391.69 (11/4)	7796.51 (20/6/97)	41.22 (8/7/32)
Home Bonds	103.25	103.14	103.29	103.83 (19/2)	101.09 (14/4)	108.77 (18/10/93)	54.99 (1/10/81)
Transport	2736.14	2749.22	2737.97	2798.82 (20/6)	2222.07 (2/1)	2798.82 (20/6/97)	13.23 (8/7/32)
Utilities	224.43	225.10	223.36	240.86 (22/1)	209.47 (25/4)	256.46 (31/1/93)	10.53 (8/7/32)

DJ Ind. Day's high 7832.48 (7787.01) Low 7615.67 (7602.90) (Theoretical♦)
Day's high 7812.12 (7764.82) Low 7629.14 (7607.95) (Actual♦)

Standard and Poors	Jun 25	Jun 24	Jun 23	1997 High	1997 Low	Since compilation High	Since compilation Low
Composite‡	886.99	893.34	878.62	898.70 (20/6)	737.01 (2/1)	898.70 (20/6/97)	4.40 (1/6/32)
Industrials¥	1044.96	1052.70	1031.36	1054.79 (20/6)	865.42 (11/4)	1054.79 (20/6/97)	3.52 (30/6/32)
Financial	102.10	103.56	101.35	104.10 (19/6)	80.75 (2/1)	104.16 (19/6/97)	7.13 (4/9/74)
NYSE Comp.	462.90	465.17	458.46	467.84 (20/6)	389.47 (11/4)	467.84 (20/6/97)	4.64 (25/4/42)
Amex Comp.	619.24	619.88	620.42	630.10 (13/6)	541.20 (28/4)	630.10 (13/6/97)	534.20 (18/7/96)
NASDAQ Cmp	1446.24	1462.43	1434.32	1462.43 (24/6)	1201.00 (2/4)	1462.43 (24/6/97)	54.87 (3/10/74)

■ RATIOS

	June 20	Jun 13	Jun 5	Year ago
Dow Jones Ind. Div. Yield	1.65	1.64	1.70	2.17
	Jun 18	Jun 11	Jun 4	Year ago
S & P Ind. Div. yield	1.59	1.52	1.69	1.87
S & P Ind. P/E ratio	24.27	24.13	23.32	22.22

■ NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Change on day
Micron Tc	10,598,200	42¼	+1¼
Ph Morris	8,366,700	43¼	-1
Br Steel	8,331,800	25¾	+⅛
Seagate Tc	7,795,800	34	-1⅛
Tandem Cm	7,085,700	20⅛	-⅛
WestHse	5,856,800	23¼	+⅛
Nokia A	5,800,100	74⅞	+⅜
Boeing	5,456,900	54¼	-¼
IBM	4,796,100	91¼	—
AT & T	4,861,000	37	+¼

■ TRADING ACTIVITY

● Volume (million)	Jun 25	Jun 24	Jun 23
New York SE	603.020	542.848	498.025
Amex	25.684	25.362	24.925
NASDAQ	685.215	648.309	563.010
NYSE			
Issues Traded	3,378	3,388	3,375
Rises	1,259	1,782	614
Falls	1,558	965	1,761
Unchanged	561	631	780
New Highs	269	221	198
New Lows	21	16	19

	Open	Latest	Change	High	Low	Est. vol.	Open int.
S&P 500							
Sep	896.50	900.60	+4.35	902.50	893.55	74,104	172,260
Dec	906.00	910.70	+4.75	912.00	904.00	458	4,325

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Nikkei 225							
Sep	20820.0	20700.0	-60.0	20940.0	20670.0	22,378	162,093
Dec	20730.0	20730.0	+10.0	20730.0	20730.0	2	1,429

Open interest figures for previous day.

■ TOKYO - MOST ACTIVE STOCKS: Thursday, June 26, 1997

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Nomura Secs	15.6m	1560	+60	Bk Tk-Mitsubishi	11.5m	2320	+40
Nippon Credit Bk	13.4m	262	+6	Nikko Secs	10.3m	753	+39
Nippon Steel Cp	12.3m	384	+3	Daiwa Secs	9.8m	952	+32
Mitsui E & S Bld	11.9m	254	-10	NKK Corp	9.4m	239	+1
Sakura Bank	11.8m	922	+37	Daiwa Bank	9.3m	575	+15

FTSE

4 pm close June 26

NEW YORK STOCK EXCHANGE PRICES

- A -

1997 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
32¾	24¾	AAR	0.48	1.5	24	1851	[illegible]	31⅛	31¾	+⅜
43⅛	33⅛	AMP	1.04	2.5	33	2606	[illegible]	41	41⅝	-⅜
102¼	78¼	AMR			7	7776	93½	91	92	-1/16
37⅝	30⅞	ASA	1.20	3.8	20	325	31⅛	31⅜	31⅞	+⅛
68⅛	48¼	AbbotL	1.00	1.6	26	8221	67⅝	65⅞	65⅞	-1⅝
18⅝	14⅛	Abitibi Pr	0.40	2.3	8	[illegible]	17¾	17¾	17¾	
23	17⅜	ABM Ind	0.40	2.1	17	247	19⅝	18⅞	18⅞	-⅛
23	17⅞	Acptocalo			11	138	21¾	21½	21⅝	-¼
72½	56⅛	ACE Ltd x	0.38	1.2	12	1889	u74½	71⅞	74⅝	+2⅛
10¾	10	ACM Gvt In	0.90	8.6	11	184	10⅞	10⅝	10⅝	+⅛
7⅞	7	ACM GvOpp	0.63	8.2		73	7⅞	7⅜	7⅞	+⅛
9⅞	9¼	ACM Man	0.90	9.1		105	u9⅞	9⅞	9⅞	
10⅞	6¼	Acme Elect				24	6⅞	6⅝	6⅝	-⅛
20	13	Acme Mills				65	16⅞	16⅝	16⅝	+⅛
19¾	14	ACNielsen			24	2307	19¼	18⅞	19⅛	+⅛
40	27¼	Acordia	0.80	2.0	19	75	u40	39⅞	40	+⅜
28¾	21⅛	Acuson				803	23½	22¾	23⅜	+⅜
22⅞	19⅜	Adams Expr	0.55	2.4	1	280	u22⅞	22⅞	22⅞	+⅛
48½	24⅞	AdvMic				21449	37¾	35⅞	36⅜	-1¾
27½	10⅝	Advest Grp x	0.12	0.5	18	418	24	23⅛	24	+⅛
16⅞	11⅝	Advo Inc			18	662	u16⅞	16⅝	16⅝	-⅜
76⅝	61⅛	Aegon	1.31	1.9	19	0105	69⅞	69¼	69⅝	-⅜
5⅛	3⅛	Aerflx				1708	4⅞	4⅞	4½	-⅛
49⅞	33	Aero-V	0.80	1.7	14	1122	48¼	47⅛	47⅞	-⅜
74¾	46	AES Corp				20	70½	70½	70½	-⅛
112⅝	73	Aetna	0.80	0.8	60	3787	107⅞	105¾	106⅜	-½
51⅞	37½	Aflac	0.46	0.9	18	2563	51	50	51	+⅞
34⅞	19¼	AGCO	0.04	0.1	14	20	34⅞	34⅞	34⅞	+1⅛
21½	16⅝	AGL Res	1.08	5.4	13	351	20¼	19⅞	20	+½

Continued on next page

NYSE PRICES

4 pm close June 26

Continued from previous page

Price data supplied by Extel, part of FT Information.

Yearly highs and lows for NYSE reflect the period from Jan 1 1997. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

d-new yearly low. P/E price-earnings ratio. xs-sales. u-new yearly high. x-ex-dividend or ex-rights. yld-yield. z-sales in full.
‡ Dealings suspended.

♣ FT Free Annual Reports Service

You can obtain the current annual reports and if available quarterly reports of any companies on the US exchanges with a ♣ symbol. To order reports ring (International Access) 1-804-320-8097 or give the names of the companies whose reports you want and fax your request to (International Access) 1-804-320-8135. Reports will be sent the next working day, subject to availability. You can also order online at http://www.icbinc.com/cgi-bin/ft.

AMEX PRICES

4 pm close June 26

NASDAQ NATIONAL MARKET

4 pm close June 26

EASDAQ

EASDAQ is a fully regulated independent pan European Stock Market focused on high growth companies with international aspirations. The shares of companies on the EASDAQ Stock Market can be bought and sold through EASDAQ Members. EASDAQ Members are made up of Brokers and Banks from across Europe.

Company	Mid price	Change on day	Volume	High	Low
ActivCard	US$3.375		27500	8.25	3.375
Artwork Systems	US$10.25		20659	11.125	9.5
Chemunex	FFr15		0	10	14
Dr Solomon's ADS	US$24.5	+0.625	6000	26.5	16.875
Esprit Telecom ADS	US$7.875		0	12.25	5.375
Innogenetics	US$11.375	-0.125	11400	12.75	10.375
Lernout & Hauspie	US$29	+1.875	30082	29.375	25
Mercer Internatl	US$9.625		0	11.75	8.125
PaTech	US$4	+0.125	200	6.125	3.875
Schoeller-Bleckmann	Sch1004	-6	69280	1020	900

Prices for 26/6/97. Please note that mid prices are now used to calculate highs and lows.
Information about EASDAQ can be found on the Web site at: HTTP://WWW.EASDAQ.be
EASDAQ offices are located in Brussels (Tel 32-2 / 227 65 20) and in London (Tel 44-171 / 489 9990)

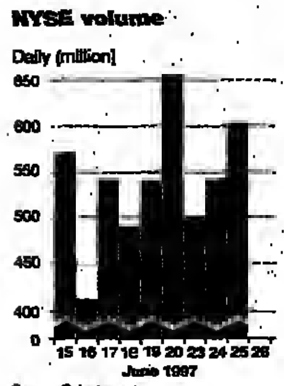
Dow dips in calm early session

AMERICAS

Pulsa rates were calmer in early afternoon trading on Wall Street, after three days of wild swings in the Dow Jones Industrial Average, *writes John Labate in New York.*

This week's wild trading came late each afternoon and mainly from large program trades.

"In the weeks prior to this one, we had as much general optimism in the hond and stock markets as I've ever



seen in my life, so it couldn't have gotten any better," said Mr Eric Miller, chief investment officer at Donaldson, Lufkin & Jenrette in San Francisco.

The main market indices edged lower at midsession, especially for large company stocks. The Dow was off 15.83 at 7,674.16 while the Standard & Poor's 500 index slid 1.26 at 887.73.

After last week's run-up, hig pharmaceutical firms fell, with Warner Lambert down $1⅞ at $119¼ and Bristol Myers Squihh down $⅞ at $81¾.

Going against the grain was Abbott Laboratories, rising $¼ at $67⁵⁄₁₆.

Diversified investment companies had a rough morning, as Merrill Lynch lost $1⁹⁄₁₆ at $60¾ and Charles Schwab fell $½ at $41. Banks were mixed, with Citicorp down $1¼ at $121⅛. Wachovia, the North Carolina bank that earlier this week announced plans to huy Central Fidelity Banks, slid $½ at $59¹¹⁄₁₆. First Union rose $⅝ at $94¼.

Rhône Poulenc Rorer surged $11 or 13.9 per cent at $90¾ on news that its French parent was considering buying out the minority stake in the company.

The battle to buy Celebrity Cruise Lines sent travel stocks reeling. A new bidder, Carnival, fell $⅞ at $42⅛, while Royal Carihhean Cruises, its rival, plunged $2 or 5.4 per cent at $34⅞.

Technology stocks stumbled as the Nasdaq Composite index fell 5.53 at 1,440.71. Leading the downward spiral were Compaq Computer, down $2¼ at $99¾ and networking leader Cisco Systems, off $1⅝ at $67¼. Dell Computer lost $1⅝ at $120. Following advance warning of lower profits for some technology companies, the seasonal slowdown in technology companies often comes in early summer, putting dnwnward pressure on stocks.

TORONTO moved lower in early trading after a Bank of Canada move on interest rates was seen to put pressure on the financial sector'e operating margins. Banks, index heavyweights and a firm sector lately, retreated rapidly. At noon the 300 composite index was off 21.78 at 6,493.30.

Royal Bank of Canada came off 10 cents to C$63 after the central bank raised the ceilings on interest rates hy 0.25 of a percentage point. Toronto-Dominion Bank shed 40 cents to C$42.85 and Bank of Montreal gave up 15 cents to C$55.20.

Golds rallied. Barrick and Placer Dome hoth added 15 cents to C$31.30 and C$23.45 respectively.

Mexico City moves up

Debt upgrade rumours swept through **MEXICO CITY**, pushing the market sharply higher in early trading.

"We almost fell out of our chairs. There was a quite savage inflow of foreign huy orders just after the opening bell," said one trader. The IPC index surged almost 1.5 per cent at one stage before retreating after a denial from Standard & Poor's defused much of the morning's speculation. At midsession, the IPC was up 29.09 or 0.7 per cent at 4,426.91.

SANTIAGO eased lower on inflation worries amid talk that flooding in central Chile could force up the price of vegetables. "We could shortly see upgrades to inflation estimates," said a broker. At midsession, the IPSA index was off 0.21 at 131.42.

CARACAS continued to make progress, with the IBC index 140.01 higher at 8,535.78 at midsession.

SAO PAULO ended the morning session with a gain of 79 at 13,133 for the Bovespa index.

S Africa closes at record

Another round of positive economic data combined with the further easing of foreign exchange controls to hoist shares in Johannesburg to a record in heavy two-way trading.

At the close, the all-share index was np 48.7 at 7,402.7.

Industrials scored the sharpest gains, rising 72.4 to 8,842.3.

Bnt financials had a good day and even golds managed a modest rally, the gnlds index rising 1.4 to 1,008.8. "It's heen good news all the way. There has been plenty of upside pressure from the futures market," said one hroker.

Insurance and hanking group RMB saw heavy turnover and ended 10 cents better at R13.20.

Randgold fell R3.00 to R23 following disappointment with the London listing debnt for its resources offshoot.

Paris ahead as Rhône-Poulenc soars 19%

EUROPE

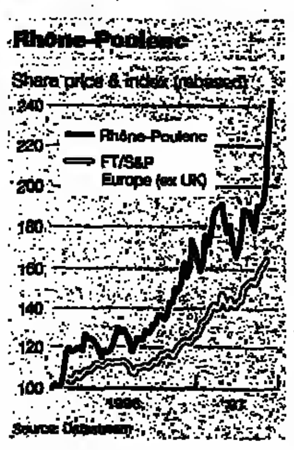
A storming run by Rhône-Poulenc, and Wall Street's sturdy start, allowed **PARIS** to show the rest of Europe a clean pair of heels. At the close, the CAC 40 had put on 26.20 to 2,893.64.

The French corporate restructuring story, which lost much of its fizz following the recent arrival of a Socialist government, looked to be up and running once more and trading volume jumped to 19.3m shares.

The CAC 40 hroke through the 2,900 level at one stage as all sorts of speculation resurfaced on the news thet Rhône-Poulenc planned to spin-off its chemical operations and pay FFr25bn for the outstanding minority in Rhône Poulenc Rorer.

Sanofi, in which Elf Aquitaine has a hig stake, jumped FFr26 or 4.8 per cent to FFr573 while elsewhere in the drugs sector Synthelabo, the L'Oréal offshoot, drove up FFr11 to FFr756. Rhône-Poulenc itself ended FFr40.6 or 19.1 per cent higher at FFr252.5 in record volume of 7.4m.

Analysts welcomed the Rhône-Poulenc deal with open arms. They saw the prospect of a transformation as now firmly in train. "Absolutely the right thing to do," said Mr Charles



Brown, chemicals analyst at Goldman Sachs in London.

"There could be eome short-term pressure from the planned equity financing, but the Rhône-Poulenc forecasts of 20 per cent earnings per share growth this year and next are reassuring," said Mr Brown.

The day's main weak spots were to be found among motors, where Peugeot lost FFr14 to FFr573 and Valeo came off FFr4.3 to FFr368.7. Among second liners, Cap Gemini fell FFr9.5 to FFr335.5 after Daimler-Benz of Germany confirmed plans to sell its stake in the group.

FRANKFURT turned the spotlight on a sharply higher Volkswagen, in the wake of recommendations, hut the hroader market failed to make much progress. The Ibis-indicated Dax index finished 0.64 higher at 3,820.10.

Volkswagen surged DM61.90 to DM1,311 as investors responded to recommendations from Merrill Lynch and Commerzbank. Analysts noted that some 311,400 shares were traded on the Ibis computerised system, a very high volume for such a highly valued share.

Daimler-Benz climhed DM1.10 to DM142.20 in further response to Wednesday's news that it was to sell its stake in Cap Gemini. One analyst said the sale was viewed positively since Daimler had dropped an unprofitable shareholding to invest in a promising field with good growth prospects.

Deutsche Telekom gave up 24 pfg to DM42.50 after its AGM failed to spur the market.

Lufthansa lost 30 pfg to DM35 in spite of news that the airline'a earnings in the first half of the year were well above the year-earlier level.

AMSTERDAM eased lower, with the AEX index down 1.25 at 870.21 at the close of trading. Internationals were mixed. Royal Dutch bounced Fl 9.10 to Fl 417, but Philips shed 50 cents to Fl 139.60 and Unilever came off Fl 1.30 to Fl 416.60. Tulip

FTSE Actuaries Share Indices

Jun 26							THE EUROPEAN SERIES	
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FTSE Eurotrack 100	2533.29	2533.84	2532.72	2531.93	2535.27	2534.89	2535.48	2536.65
FTSE Eurotrack 200	2505.91	2511.48	2509.01	2509.45	2514.83	2511.67	2511.85	2513.84

	Jun 25	Jun 24	Jun 23	Jun 20	Jun 19
FTSE Eurotrack 100	2511.55	2479.83	2488.98	2463.84	2455.60
FTSE Eurotrack 200	2491.92	2464.67	2453.47	2461.40	2453.01

Base value 1000 (26/10/90); Highday: 100 - 2536.98; 200 - 2515.56 Lowday: 100 - 2530.27 200 - 2501.44. † Partial.

Compnters dipped Fl 1 to Fl 20.30 on news of a takeover flanked by an equity issue to finance the deal.

ZURICH slipped back from its best early levels but still managed to post another record close, helped by further gains in Novartis. The SMI index finished 7.5 higher at 5,669.9.

Novartie moved ahead again, with a rise of SFr38 at SFr2,378, continuing the bullish trend that began last week. Clariant, an underperformer over the last month picked up SFr12 at SFr955 as Zuecher Kantonalhank recommended the share.

There was also continued interest in Nestlé, up SFr6 at SFr1,943, and Asea Brown Boveri, whose hearers gained SFr16 to SFr2,194.

In the opposite direction, Sulzer, the technology company, lost SFr48 to SFr1,270 on its announcement that Sulzer Medica, its orthopedics unit, would be spun off at SFr300 to SFr350 per share, sharply below expectations and the SFr500 a share price seen in grey market trading.

UBS and Swiss Re were marked lower in a spate of afternoon profit-taking. UBS sank SFr30 to SFr1,663, while Swiss Re lost SFr21 to finish at SFr2,088.

STOCKHOLM moved higher, helped by a SKr5 rise to SKr312.5 for Ericsson following news of a SKr1bn fighter equipment contract. Pharmacia & Upjohn came off SKr12.5 to SKr258.5 after Dresdner Kleinwort Benson cut its earnings estimates for the group by 15 per cent for this year and next. The general index ended up 3.49 at 2,984.06.

HELSINKI saw heavy action in UPM-Kymmene after the group sold part of its stake in Nokia. The latter came off FMk3 to FMk385, but speculation on where UPM would spend its disposal proceeds sent the paper leader FMk0.5 higher to FMk123.4. At the close, the Hex index was down 18.27 at 3,209.90.

MILAN turned back from the 11-year highs seen in recent sesslons as profit-taking emerged, and the Comit index lost 6.08 at 838.46.

Industrials, including Montedison, were marked down, in spite of the agrichemical group's upbeat outlook for 1997. The shares fell L21 to L1,131.

Parmalat, the foods group, lost L96 to L2,373 on selling out of London by investors perplexed at the company's planned investment in the North American market, which was seen as already saturated.

Eni, the energy group, which had performed strongly early in the week, lost L61 to L9,648 ahead of the conclusion today of its third tranche share offer.

ISTANBUL continued on its volatile way, picking up 1.9 per cent on renewed hopes that a planned secularist coalition might survive a confidence vote in parliament.

The IMKB National-100 index closed 32 higher at 1,705 in turnover that firmed to TL19,330bn.

Written and edited by Michael Morgan and Jeffrey Brown

Nikkei slips as Bangkok surges 4.8% higher

ASIA PACIFIC

Late waves of profit-taking erased Tokyo's earlier gains and sent the 225 index slightly lower, *writes Gwen Robinson.*

The Nikkel 235 average slipped 54.51 to 20,624.76, ending just above the day's low of 20,624.66 after reaching an intra-day high of 20,910.79.

Stocks opened higher on continued optimism generated by the Bank of Japan's unexpectedly strong "tankan" survey of business confidence.

Securities houses were active buyers on the first trading day for July delivery and drove up financial issues and other domestic demand-reliant stocks.

Traders said domestic institutional Investors, including pension funds, were returning to the market after staying away in recent sessions. Blue-chip exporters, however, declined on continuing concerns that exchange rate turhulence would affect their earnings outlook. Analysts said the market needed strong economic news to send stock prices higher.

Volume rose from 512m shares to an estimated 604m. Declines narrowly led advances 553 to 532 with 181 unchanged. Other key indices advanced. The Topix index of all first-section stocks rose 1.84 to 1,560.28 and the capital-weighted Nikkei 300 edged up 0.33 to 302.54. In London, the ISE/Nikkei 50 index rose 7.23 to 1,647.39.

Securities houses were the day's higgest gainers, advancing nearly 5 per cent as a group. Nomura Securities, the day's most active issue, rose Y60 to Y1,560. Daiwa Securities gained Y32 to Y952, Nikko Securities Y39 to Y753 and New Japan Securities Y29 to Y325.

Banks were the second-higgest gainers, rising more than 2 per cent as a sector. Sakura Bank rose Y37 to Y922, Sumitomo Bank Y30 to Y1,890 and Asahi Bank Y65 to Y1,020.

Non-life assurers also advanced on buying hy foreign investors.

Blne chip issues fell prey to profit-taking. Hitachi fell Y20 to Y1,310, Fujitsu Y20 to Y1,620 and Matsushita Electric Industrial Y30 to Y2,280.

Carmakers also declined, with Toyota down Y60 at Y3,370 and Honda Y50 at Y3,350. In contrast, Sony rose Y30 to Y9,920 and Canon Y30 to Y3,150.

Shipbuilders faced selling pressure after snhstantial gains the previous day. Mitsui Engineering and Shiphuilding fell Y10 to Y254.

In Osaka, the OSE average added 22.32 to 21,412.78 and volume fell to 24.6m shares.

BANGKOK pushed ahead strongly in active trade. The SET index rose 23.99 or 4.8 per cent to 520.02 in some of the best volume of the month. Turnover was Bt6.6bn.

There was said to he selected foreign demand for top financials. "Worries about a devaluation of the baht have not gone away hut the mood has hegum to show signs of lightening recently," said one hroker.

Bangkok Bank added Bt10.00 at Bt143 and Thai Farmers gained Bt6.00 to Bt83. Krung Thai put on Bt1.75 to Bt29. Finance One eased Bt0.40 to Bt3.80 after reports that the government wanted the deht-stricken group to widen its rescue talks to include other parties.

TAIPEI ended lower on late selling. A convincing hreak for the weighted index through the 9,000 level sparked profit-taking and at the close the weighted index was off 84.65 or almost 1 per cent at 8,871.76.

Trading was again active with turnover rieing to T$232bn, the third heaviest level ever. The key electronics sector surged more than 2 per cent in early trading hut ended modestly lower.

Chipmakers were mixed. Taiwan Semiconductor came off T$4.5 to T$120, but confirmation of a possible investment in Taiwan'e T$160hn wafer project lifted Winbond by the daily 7 per cent limit to T$58.5.

SYDNEY closed lower in heavy trade as June options expired. The All Ordinaries index came off 5.2 to 2,699.9.

Woodside stood out among dull resource stocks, adding 3 cents to A$11.40 on continued speculation that a positive announcement was imminent.

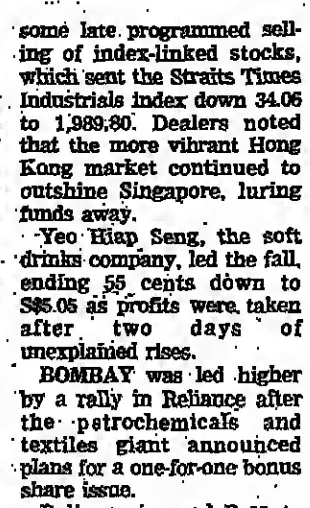
Banks were active. Commonwealth gained 12 cents to A$15.63 and NAB ended 29 cents lower at A$18.68 after going ex a dividend of 45 cents.

HONG KONG saw the best of an early rise trimmed hy profit-taking as investors squared positions ahead of next week's handover holiday.

The Hang Seng index turned back from a high of 15,275.41 to end 63.00 higher at 15,128.02 in turnover that picked up to a heavy HK$25.9bn.

Red chips were in demand, rising 1.9 per cent, with Chinese money seen buying heavyweight and quality issues.

Hang Seng Bank jumped HK$5 to HK$108 and Hopewell surged 47½ cents to



HK$4.75 on speculation that they could become targets for Chinese investment.

SINGAPORE ran into some late programmed selling of index-linked stocks, which sent the Straits Times Industrials index down 34.06 to 1,989.80. Dealers noted that the more vihrant Hong Kong market continued to outshine Singapore, luring funds away.

Yeo Hiap Seng, the soft drinks company, led the fall, ending 55 cents down to S$5.05 as profits were taken after two days of unexplained rises.

BOMBAY was led higher by a rally in Reliance after the petrochemicals and textiles giant announced plans for a one-for-one bonus share issue.

Reliance jumped Rs11 to Rs377.50 as the BSE-30 index added 22.94 at 4,116.56.

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FTSE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The Indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NatWest Securities Ltd. was a co-founder of the Indices.

NATIONAL AND REGIONAL MARKETS	WEDNESDAY JUNE 25 1997								TUESDAY JUNE 24 1997					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	52 week High	52 week Low	Year ago (approx)
Australia (76)	239.54	0.6	213.44	172.52	214.63	212.04	0.6	3.63	238.14	211.90	172.88	213.44	210.80	240.62	188.44	203.81
Austria (24)	193.32	0.8	172.26	139.24	173.22	173.14	0.8	1.92	181.76	170.63	139.21	171.87	171.78	200.52	174.70	186.15
Belgium (26)	253.91	0.8	226.24	182.87	227.51	222.73	0.8	3.21	251.95	224.19	182.91	225.81	220.98	256.67	206.70	208.24
Brazil (30)	308.71	2.9	275.07	222.34	276.61	611.72	2.9	1.20	300.02	266.97	217.81	268.90	594.54	308.71	170.26	178.53
Canada (113)	209.00	0.1	186.23	150.53	187.27	211.24	0.5	1.77	208.72	185.73	151.52	187.07	210.23	212.99	164.12	181.29
Denmark (32)	389.94	-0.2	347.45	280.85	349.40	348.17	-0.2	1.45	390.74	347.70	283.67	350.22	348.94	392.72	299.84	299.84
Finland (28)	287.97	1.9	256.59	207.40	258.03	311.88	1.8	1.76	282.54	251.41	205.12	253.23	306.27	287.97	186.67	190.99
France (90)	234.19	2.8	208.67	168.67	209.84	213.69	2.8	2.65	227.76	202.67	165.35	204.14	207.95	234.19	186.94	195.37
Germany (59)	219.98	1.1	196.01	158.44	197.11	197.11	1.1	1.43	217.64	193.57	157.93	194.97	194.97	218.98	168.70	171.54
Hong Kong (66)	533.03	0.9	474.95	383.91	477.61	530.02	0.9	2.86	528.43	470.22	383.63	473.62	525.41	538.36	407.55	429.71
Indonesia (27)	246.11	0.0	219.30	177.26	220.52	366.96	0.0	1.72	246.02	218.92	178.60	220.50	367.04	-	-	-
Ireland (17)	354.60	1.1	315.96	255.39	317.73	328.66	0.8	2.92	350.64	312.02	254.56	314.28	326.19	354.64	270.08	285.89
Italy (59)	98.92	1.4	88.14	71.25	88.64	124.27	1.3	2.03	97.52	86.79	70.80	87.41	122.70	98.92	73.26	82.84
Japan (485)	140.68	2.7	125.35	101.32	126.05	101.32	1.9	0.78	137.03	121.93	99.48	122.82	99.48	157.93	107.57	157.93
Malaysia (107)	509.31	-1.1	453.81	366.82	456.36	494.90	-1.0	1.39	514.80	458.10	373.74	461.41	499.74	680.85	509.31	562.15
Mexico (27)	1570.80	-0.3	1399.63	1131.34	1407.48	13649.32	-0.2	1.36	1574.84	1401.36	1143.30	1411.50	13674.08	1582.84	1110.35	1210.16
Netherland (19)	403.96	1.1	359.94	290.94	361.96	357.70	1.1	2.18	399.44	355.44	289.98	358.01	353.70	403.96	279.88	293.79
New Zealand (14)	91.96	0.3	81.94	66.23	82.40	71.24	0.1	4.08	91.65	81.56	66.54	82.15	71.18	95.60	79.04	79.45
Norway (41)	312.04	0.2	278.03	224.74	279.59	307.09	0.3	2.00	311.44	277.13	226.10	279.14	306.19	321.23	246.04	248.19
Philippines (22)	166.95	0.2	148.76	120.24	149.59	219.44	0.2	0.85	166.64	148.29	120.98	149.36	219.04	-	-	-
Singapore (42)	390.31	0.6	347.77	281.11	349.72	256.81	0.4	1.18	397.82	345.10	281.55	347.60	255.48	448.01	360.06	422.00
South Africa (44)	362.40	0.0	322.91	261.01	324.72	356.96	0.1	2.42	362.46	322.53	263.14	324.87	356.58	370.12	301.49	363.44
Spain (35)	267.66	1.5	238.49	192.77	239.83	295.09	1.5	2.24	263.70	234.65	191.44	236.35	290.81	267.66	171.81	182.80
Sweden (49)	484.93	1.8	432.08	349.26	434.51	551.52	1.4	1.86	476.29	423.83	345.78	426.89	544.02	484.93	334.36	356.88
Switzerland (35)	317.31	1.4	282.73	228.53	284.32	282.70	1.4	1.18	312.85	278.38	227.12	280.40	278.78	317.31	231.89	239.38
Thailand (43)	54.28	3.4	48.35	39.08	48.62	54.41	3.1	5.75	52.48	46.70	38.10	47.04	52.76	172.92	47.55	162.86
United Kingdom (212)	304.27	0.7	271.12	219.15	272.64	271.12	0.8	3.73	302.16	268.88	219.36	270.82	268.88	308.21	229.60	229.78
USA (647)	360.08	-0.6	320.84	259.34	322.64	360.08	-0.8	1.71	362.96	322.98	263.51	325.32	362.96	363.96	254.79	271.87
Americas (816)	329.67	-0.7	293.75	237.44	295.39	277.78	-0.7	1.70	331.98	295.41	241.01	297.55	279.68	332.73	233.09	246.36
Europe (726)	272.67	1.2	242.96	196.38	244.32	251.37	1.2	2.56	269.34	239.67	195.53	241.40	248.29	272.67	204.71	209.24
Nordic (150)	412.13	1.4	367.22	296.83	369.28	408.81	1.1	1.80	406.51	361.82	295.19	364.44	402.52	412.13	281.45	303.68
Pacific Basin (832)	158.59	2.1	141.30	114.22	142.10	115.52	1.5	1.23	155.28	138.18	112.73	139.18	113.81	170.56	127.18	170.56
Euro-Pacific (1608)	206.19	1.8	183.72	148.51	184.75	168.78	1.4	1.96	202.87	180.52	147.28	181.83	164.54	206.19	173.55	188.68
North America (759)	350.73	-0.8	312.51	252.61	314.27	350.19	-0.7	1.71	353.39	314.46	256.56	316.74	352.78	354.37	248.65	265.03
Europe Ex. UK (514)	248.77	1.5	221.66	179.17	222.90	234.10	1.5	1.93	245.02	218.03	177.88	218.61	230.73	248.77	185.65	192.56
Pacific Ex. Japan (397)	314.80	0.4	280.50	226.73	282.07	276.69	0.4	2.70	313.42	278.89	227.53	280.91	275.49	320.65	268.97	288.74
World Ex. US (1821)	209.75	1.6	186.89	151.07	187.94	173.58	1.3	1.94	206.55	183.80	149.95	185.13	171.34	209.75	176.94	187.81
World Ex. UK (2256)	252.98	0.4	225.41	182.20	226.68	222.44	0.3	1.64	251.92	224.17	182.89	225.78	221.84	252.98	199.58	212.07
World Ex. Japan (1983)	317.59	0.0	282.98	228.74	284.57	306.69	0.0	2.05	317.57	282.58	230.55	284.64	306.64	317.59	233.10	244.75
The World Index (2468)	257.44	0.5	229.38	185.41	230.67	227.10	0.3	1.83	256.29	228.06	186.06	229.71	228.37	257.44	202.32	213.73

Latest prices were unavailable for this edition.

هكذا من الأصل

DERIVATIVES

While over-the-counter markets continued to grow at an accelerating pace during the past year, the fortunes of exchanges were more diverse, writes **Samer Iskandar**

Fierce battle rages for market share

Last year set new records in volumes and profits for the derivatives industry.

The fruits of growth, however, were not shared equally by all participants. While ovar-the-counter (OTC) markets geoerally continued to grow at an accelerating pace, the fortunes of exchanges were more diverse.

At the end of last year, ontstanding amounts of exchange traded interest rate futures were 24 per cent of their OTC equivalents, according to Sweps Monitor, the US financial risk management newsletter. This is down from 31 per cent a year earlier and 40 per cent in the first quarter of 1995.

Whila some exchanges saw growing volume and increasing market share, others suffered stagnating or even, in some cases, shrinking volumes.

In recent months the London International Financial Fntures and Options Exchange (Liffe) seemed set to overtake the Chicago Mercantile Exchange (CME), which had been the world's second largest derivatives exchange for decades.

In Europe, France's monetary stability and the convergence of its interest rates towards those of Germany have raduced investors' hedging needs, thus hindering the growth of the Marché à Terma International de France (Matif). And these examples are only part of the challenges posed by European economic and monetary union (Emu).

Emu has underpinned a (so far) discreet, but far-reaching, revolution in the derivatives industry, with the planned introduction of a aingle European currency, the euro, in January 1999 threatening to shrink the total size of the listed derivatives market.

"Emu will cause a substantial modification in the landscape of futures and options axchangaa in Europe," the head of a leading exchange predicts.

The market for short-term interest rate contracts is most at risk, with Emu expected to make obsolete all contracts but one – the refereoce rate on the euro. Mr Jörg Franke, from the DTB, has warned: "The ahorter the maturity, the more vulnerable the contract."

Up to six listed derivatives on 3-month interest rates, each of them a main contributor to the profits of the exchange which lists it, are at risk – two futures on the D-Mark and one each on the French franc, the Italian Lira, the Ecu and, eventually, sterling.

Long-term bond contracts are also at risk, albeit to a lesser extent. The removal of interest rate risks between markets will cause a decline in volume, but the need to hedge credit risk – Italy'a default risk will remain greater than Germany'a even after Emu – will continue to fuel trading.

In anticipation of a fierce battle for markat ahare, exchangea have devlaed three main strategies:

■ The first was to forge alliances with overseaa exchanges. Liffe and Matif both announced such links late last year, with the Chicago Board of Trade and CME. The moves aim to increase the importance of European bond products by making them accessible to US traders.

■ The second move was to change contract specifications to make them compatible with the singla currency, the euro. But swift reactions by other exchanges to Liffe's innovative initiative a year ago meant that such moves ceased to provide any competitive advantage.

■ The third, most significant, strategy relies on the creation of new products. Each exchange is betting that by dominating all maturities of the yield curve it would increase the chances of its products becoming the benchmarks in a euro environment.

This strategy, however, involves risks which are not negligible. An unsuccessful product launch can be very costly, especially for open outcry markets which have to allocate precious space for new trading pits.

In this increasingly competitive environment, some of the latest prodnct launches smacked more of knee-jerk expedience than clearly thought-out strategic planning.

Analysts are almost unanimous that quasi-simultaneous launches by Matif and Liffe of new Bobl futures – futures on five-year German government honds – have overcrowded the moderately liquid five-year area of the German yield curve. "Even when DTB was alone in listing a Bobl product, liquidity was just about adequate," says a continental European treder. "Two contracts would have been too many, three is untenable."

With rising competition putting new pressures on profit margins, technology has gained a new, possibly determining, role.

Only a few years ago exchange officials were adamant that technology was unlikely, in the foreseeable future, to offer a level of liquidity sufficient to compete with open outcry. But in recent months volumes on DTB, the electronic derivatives exchange of Deutsche Börse, have matched – sometimes even surpassed – the levels of activity on Matif, Europe's second largest market after Liffe.

Even at the Chicago Board of Trade, which has recently moved to larger premises offering more *floor space*, the success of the Project A screen-based system has gone beyond expectations.

When the CBOT and Liffe started earlier this year to list each other's products, CBOT traders refused to relinquish Project A during periods when Treasury bond futures were trading in open outcry on Liffe. Rising volumes on Project A were also behind the CBOT's decision to close its evening floor-trading session.

The CME, tha CBOT's largest rival in the US, has also invested in technology. Earlier this month CME officials signed a technology swap agreement with SBF-Paris Bourse and Matif, the French darivatives market. The CME will provide the French exchanges with its Clearing 21 settlement system. In return the CME will have access to tha French NSC electronic trading technology. NSC, the latest update of the CAC system launched 10 years ago, will next year replace Reuters' platform for Globex, tha after-hours acraan-based trading system shared by the CME and Matif.

The rise of technology, and to a certain axtent DTB's success, is a direct result of increasing competition in the derivatives market place. Competition between intermediaries and pressure from the unregulatad OTC market have caused a narrowing in dealing spreads, directly affecting profit margins.

With investors' growing aophiatication boosting demand for increasingly complicated, made-to-measure, products the odds are against a slowdown in the OTC market's inexorable progression. In 1996, the notional value of OTC derivatives on interest rates and currencies grew by 37 per cent to a record $24,300bn, according to the Bank for International Settlements.

From a regulatory viewpoint, OTC'a competitiveness is set to increase further as a result of a new congressional initiative aiming to exempt OTC from the US Commodity Exchange Act which regulates futures exchanges.

"We have a difficult regulatory structure to deal with [in the US]," says a senior hroker in Chicago, who is also closely involved with the CBOT. "The regulatory framework clearly favours OTC to the detriment of exchanges."

The absence of regulatory pressures has also favoured innovation in the OTC market, where new products are most likely to emerge. Credit derivatives, widely seen as the most promising new market segment, have naturally found a home there. There are no official statistics of the market's size, but the British Bankers Association estimated tha amount underlying existing trades at $20bn in London. The New York market is estimated to have the same value of outstandings.

A number of bankers have compared credit derivatives to the interest rate swaps market in the early 1980s. If the swap market's evolution is anything to go by, then credit derivatives could become a multi-trillion dollar business in coming years.

"Ten yeara ago, nobody wanted to trade sweps because we did not know how to price them," says a French banker. "Today, outstanding interest rate swaps are bigger than all government bond markets."

IN THIS SURVEY

- **Front-page illustration:** Trading activity at the London International Financial Futures Exchange

EXCHANGES • by Edward Luce

Euro fever starts scramble

Europe's exchanges are trying to look dynamic with link-ups and new technology

Competition between Europe's three main derivatives exchanges appears to be intensifying almost daily. In the run-up to the scheduled launch of the euro in January 1999, the three exchanges are scrambling to improve their positions in anticipation of the consolidation of Europe's derivatives market.

Although Liffe – the London International Financial Futures Exchange – can still claim to be Europe's leading exchange, traders say that its predominance is by no means secure. The recent tie-up between Matif, France's main exchange, and the Chicago Mercantile Exchange (CME) reminded Liffe that its Parisian counterpart is never far behind.

Matif has also recently matched Liffe's decision to launch a contract on the five-year German government bonds and is likely to negate – in similarly short-order – any further attempts by Liffe at one-upmanship. Traders, however, are sceptical about the competitive benefits of this rivalry.

The decision of both Liffe and Matif to open links with the CME and the Chicago Board of Trade – the two largest exchanges in the US - is not expected to boost trading volumes strongly. US interest in the European derivatives market is still limited and will thus not have a decisive effect upon liquidity say traders.

"The links with Chicago are totally image-driven," said one analyst. "Both exchanges are trying to look as dynamic as they can. But in practice these tie-ups are likely to generate more heat than light."

Mr François Defferrière, managing director at Fimat, Société Générale's derivatives broking arm (the name is an anagram of Matif), says the only tangible effect of the fierce rivalry is lower brokerage fees. Mr Defferrière estimates that total fees – including settlement and clearing charges – have dropped by between 10 and 15 per cent in the last 18 months. This trend is likely to intensify.

"All three exchanges want to show their customers that they have the best link-ups and the most impressive technology," said Mr Defferrière. "The only really tangible effect so far is lower fees and that is not much of a help to any of the exchanges in the long run."

In the short run though, growing pressure on customers to trim their bills are likely to bring some competitive advantage to the most cost-effective exchanges. This is where DTB – Germany's Frankfurt-based exchange – is likely to steal a march on its rivals. With a purely screen-based trading system – unlike Matif and Liffe which run pit trading operations – DTB believes it has an edge on competitors.

"DTB is presenting itself as the best from the point of view of transparency and cost," said Mr Defferrière. "It's not yet clear how persuasive this will be."

Defenders of Liffe's open outcry system say that pit trading enhances liquidity. It is also popular with clients who are reassured by regular contact with brokers. Matif is somewhere in between Liffe and DTB with both a pit-trading operation and its own proprietary trading system.

"Arguably Matif will lose out here because it has failed to differentiate itself enough from the other two," said one analyst in Paris.

Either way, analysts agree that what ultimately matters is the ability to dominate trading in the benchmark euro contracts once the single currency has come into being. Mr Julian Jessop, an economist at Nikko Europe in London, says that the UK's decision to remain outside the first wave of the European economic and monetary union (Emu) is unlikely to undermine Liffe's competitiveness.

Liffe's success in cornering most of the business for both the three-month D-Mark contract and futures trading in the long-term (10-year) bund proves that geography is irrelevant to competitiveness says Mr Jessop. Liffe's move last year to ensure that all trades will be settled in euros after 1999 – since matched by Matif – has done it no harm he said.

"Other things being equal, there is no reason why Liffe cannot play the same role with the euro as it has for the D-Mark and the long-term bund," said Mr Jessop. "The only real difference between trading in London or Frankfurt is the one-hour time difference."

However, DTB's dominance of trading in the five-year bund contract and its recent launch of a two-year futures contract suggests that Liffe's pre-eminence is by no means a foregone conclusion. Competition is probably the fiercest in short-term interest rate contracts and medium- to long-term bond contracts – both areas where the DTB is getting stronger.

Once the euro has been launched, trading in government bond futures is expected to shrink dramatically with the spread difference narrowing to negligible levels. Perceived differences in in the liquidity and credit quality between bond futures will keep trading alive but most attention will be focused on the benchmark contract.

Analysts say that the German government bond contract is likely to become the benchmark but the French government bond is still a strong contender. "It is not inconceivable that the French bond will become the benchmark," said Mr Jessop. "Judging by energy levels alone, Matif might be in a good position to make this happen. This would be disastrous for DTB and Liffe."

Assuming this does not happen, most expect Liffe to maintain its lead over the DTB although many expect the gap to narrow. In the meantime, fees will continue to tighten.

The futures whose futures are in doubt

Instrument	Volume* Futures	Volume* Options	Expected effects of Emu
In jeopardy: short-term interest rate products			
[illegible]			
3-month D-Mark (Liffe)	2,347,994	193,553	Intense competition is expected in this sector, the most liquid area of the short end of the yield curve. It is very likely that there will be room for only one successful contract.
3-month D-Mark (DTB)	88,149	–	
3-month FFr (Matif)	1,494,191	486,077	
[illegible]			
3-month Ecu (Liffe)	37,396	–	Likely to disappear as soon as 3-month D-Mark or FFr becomes the benchmark for euro 3-month rates.
[illegible]			
3-month Swiss Fr (Liffe)	418,953	7,240	Unaffected by Emu
3-month euroyen (Liffe)	8,312	–	
Under moderate threat: medium and long-term bond contracts			
[illegible]			
German LT bund (DTB)	1,939,651	36,184	Will compete with Liffe's bund and Matif's notional and Ecu
[illegible]			
Italian BTP (Liffe)	1,305,823	192,364	Likely to suffer fall in liquidity if and when Italy joins Emu.
[illegible]			
Japanese bonds (Liffe)	124,033	–	Unaffected by Emu
[illegible]			

* Number of contracts traded in May 1997 **Will start trading in third quarter 1997

CLEARING AND SETTLEMENT • by Katy Massey

New house rules for exchanges

Technology and product launches are forcing change among the clearers

Paris-based Matif (above) has adopted the clearing system of the Chicago Mercantile Exchange

The houses that clear and settle the trades carried out on the world's derivatives exchanges fulfil a vital function. They are almost alone in being financial institutions that are run primarily for the common good of all market participants rather than for profit. The efficient working of derivatives clearing houses is largely taken for granted, but as observers of the development of Crest over the past year will appreciate, efficient settlement is the sine qua non of efficient market operations.

Traditionally, there is one clearing house for each exchange, and this acts as a central agent for all exchange members. However, new technology and new instruments have ushered in a new era of increased competition. Although the pace of change is stately, the trend towards the integration of clearing houses and an extension of their role into new instruments is well established.

The London Clearing House is widely regarded as a model of integrated clearing, as it clears four exchanges: the London Metal Exchange (LME), The London International Financial Futures and Options Exchange (Liffe), the International Petroleum Exchange (IPE) and the electronic stock exchange, Tradepoint. With a history stretching back to 1888, the LCH has developed to line with the needs of the market and has recently reorganised itself, transferring ownership from a consortium of banks to the exchanges' membership.

The reorganisation did not have any effect on the LCH's operations, however. "People did not want any great change," comments chief executive Mr David Hardy.

The LCH's role, like that of other clearing houses, is to mitigate exchange members' potential risk. Exchange-traded derivatives contracts allow participants to commit themselves to potential profits and losses that far exceed the relatively small initial margin required up front. Once a trade is completed, instead of the buyer and seller deciding between themselves the level of balance owed and how it should be paid, the clearing house becomes the counterparty to each trader. It calculates balances owed by each institution on its trading throughout the day in a lump sum.

In this way, members are protected from the threat of bankruptcy or cash-flow failure leaving them with millions of pounds in bad debts. By taking a small margin for each trade and a lump sum from each member when they join, the clearing house sits on sufficient funds to pay creditors when one of its members fails. In the LCH's case this is called the Member Default Fund.

By guaranteeing the performance of trading contracts, clearing houses make a vital contribution to the reduction of systemic risk in the derivatives markets. By acting as counterparty to each trade they reduce the potential of a big failure causing a domino effect throughout the markets. However, clearing houses' own risk management is an issne, with the Bank for International Settlements recently expressing concerns about the level of intraday risk exposure experienced by some.

The cost-effective operation of a clearing house is enhanced by economies of scale. Several clearing houses in a single country, or even city, mean market participants have to commit precious capital with more than one agency as well as duplicate paperwork and electronic feeds into their back offices. In a bid to reduce costs for members, the Chicago Board of Trade and Chicago Mercantile Exchange have, through a sub-committee of the exchanges' Joint Strategic Initiatives Committee, been investigating the possibility of combining their separate clearing operations.

The most important step taken so far has been an agreement on common banking, signed by a number of additional exchanges. The agreement allows members of multiple exchanges to settle their accounts with a single transaction. Progress by the committee has seen various studies initiated into common processing, software and operations. The proposed governance and structure of the new organisation is also under consideration. However, it is the struggle for technological hegemony that has occupied recent headlines.

Clearing 21, the CME's clearing system, has been adopted by Matif and SBF-Paris bourse and is already in place at the New York Mercantile Exchange, which jointly developed it with the CME. Andersen Consulting has been charged with examining whether Clearing 21 or the proprietary system used by The Board of Trade Clearing Corporation (which clears trades on the CBOT), or both, should become the common operating system.

Mr John Hiatt, president and chief executive officer of the Board of Trade Clearing Corporation, is emphatic about his organisation's commitment to the common clearing project. However, when asked if adoption of Clearing 21 by a joint clearing body is inevitable, he says: "To talk about which software applications people should adopt is the wrong conversation and counter-productive. Software choice is not the defining element. If those choices are made before we have decided on common structure, governance, business practices and strategy we won't get an effective clearing house."

Joint clearing is difficult where ownership and/or membership of a clearing house is synonymous with ownership and/or membership of the exchange. In this context, the clearing house is regarded by members as a vital interest rather than simply a utility. A stronger argument for integration, such as the survival of the market by enhancing its viability, has won in Northern Europe. The much smaller Swedish and Finnish derivatives markets have seamlessly linked their clearing through an agreement between the Oslo Stock Exchange, the Norwegian Futures and Options Clearing House, OM Stockholm and OMLX, the London Securities and Derivatives Exchange for OM. The move means additional liquidity for the Nordic markets and that, for users, clearing foreign products will be as seamless as the process for domestic ones.

Given that growth of exchange traded contracts is reaching a plateau after years of exponential increase it is unsurprising that clearing houses are turning their sights to the huge and potentially lucrative over-the-counter market. Although proposals abound, there has been little actual progress beyond the collateral management services offered by the likes of Cedel, Euroclear and the CME's Depository Trust Company.

Clearing over-the-counter derivatives is difficult because of the increasingly complex and diverse structures employed by traders and the different techniques for valuing cash flows. The LCH is closest to providing a full clearing service for over-the-counter products. According to Mr Hardy, the service would be broadly similar to the way futures and options contracts are cleared now. The clearing house would assume counterparty and market risk. However, the LCH is still looking at the feasibility of using a universally acceptable pricing methodology and producing an appropriate margining methodology for the proposed service.

Katy Massey is editor of Clearing and Settlement magazine.

PROFILE

DTB is preparing to spread its wings

A special working group is planning for Emu, which will require new products

Germany's futures and options exchange – the Frankfurt-based Deutsche Terminbörse (DTB) – has confounded the critics in its seven years of existence and is now flexing its muscles for a further bout of expansion.

Not far away on the horizon is the scheduled start of European economic and monetary union in 1999. The introduction of a single currency will change the face of Europe's financial markets and is seen by Deutsche Börse, which runs the Frankfurt securities markets, as a unique opportunity.

The DTB's hope is that German bonds will become the European benchmark issues when the D-Mark is replaced by the euro. The volume of German government bonds (bunds) is far greater than that of France, the main continental European rival, and they are far more internationally traded.

The DTB has a special working group to prepare for Emu, which will require new derivatives products. If Emu is postponed, the DTB will simply slow down its preparatory efforts. At this stage, the indications are still that the single currency will go ahead, though the process has been made less certain by the outcome of the French election and the German government's clumsy attempt to force the Bundesbank to revalue its gold reserves.

But the DTB, whose growth and development has been directed by Mr Jörg Franke, a Deutsche Börse director, is not pinning all its hopes on Emu. As well as further expansion in Scandinavia and southern Europe – through the setting up of computerised access points for remote members – it is also keen on prospects in the US and Asia.

Already, some 10 per cent of the exchange's trading contracts in bunds and bobls (medium-term government bonds) is carried out by institutional traders based in New York and Chicago. There are currently seven US members, linked through the DTB's computerised access points.

This summer, the DTB will open an office in Chicago to provide on-the-spot technical support, as well as to further its promotional and marketing efforts. The exchange hopes for more US members and is developing its links with the Chicago exchanges. Last year, the DTB announced plans to integrate its trading and clearing systems with the Swiss options and financial futures exchange (Soffex) and thus take part in the latter's technical links with the Chicago Board Options Exchange and the Options Clearing Corporation.

Shortly, the DTB expects to have a US member with a trading terminal on the rival Chicago Mercantile Exchange. In this case, the emphasis is expected to be on trading in the Dax future. This product, based on the Dax blue chip index of leading German stock, is one of the DTB's main contracts.

The DTB's main body of remote members is in London, where its bigger rival, the London International Financial Futures and Options Exchange (Liffe), is based. The DTB has 29 members in the UK capital. Out of a total of 164 members, 71 are abroad, though some – such as Landesbank Hessen-Thüringen (Helaba) – have trading offices in London and Frankfurt. After the UK, the main centres for remote membership are France, the Netherlands and Switzerland. There is also a sprinkling of members in Ireland, Finland and Austria.

Within Europe, the DTB now has its sights set on Madrid and Stockholm.

Further afield, it is in advanced talks with the Singapore International Monetary Exchange (Simex) on a possible tie-up. Co-operation talks have also been held with the Shanghai exchange.

Yet, however far afield the DTB ventures, its main focus of attention is the nearby markets of western Europe. Following last year's breakdown of technical co-operation talks between the DTB and the French futures and options exchanges, the Germans are now pursuing other alliances, such as that with Soffex.

Mr Rolf Breuer, the chairman of Deutsche Bank and head of Deutsche Börse's supervisory board, regrets the failure of these talks. "I was very disappointed with the breakdown of the discussions with Matif [the French futures market] and thought it was a great pity."

Hoever, the German and French stock exchanges have now resumed co-operation talks, hoping to link their cash and futures markets electronically.

Mr Breuer feels that Germany has a competitive edge with its electronic market system. "I feel it is a disadvantage for the French that Matif is only partly electronic. I don't believe that in a euro capital market environment, there is room for a [trading] floor."

In the euro capital markets of the future, Mr Breuer believes that remote membership is the right course to pursue, despite arguments that floor trading is more efficient and provides for greater liquidity.

Mr Franke recently outlined the vision of 24-hour trading, with dealings shifting across time zones from Europe to America and Asia. For the DTB, this would be the ultimate vindication of its decision to go fully electronic from the start.

Andrew Fisher

Rolf Breuer (left): disappointed with the breakdown of the discussions with Matif. Jörg Franke: DTB is not pinning all its hopes on Emu (Picture montage)

REGULATORY TRENDS • by Michael Prest

Pressure on rule-makers

Co-operation between regulators has been stepped up since 1995

Life has never been the same for derivatives regulators since the collapse of Barings in 1995. That seminal event drove bome two connected messages – that the consequences of financial failure can spread like a flash of lightning around the world, and that fragmented regulation of institutions dealing in multiple markets increases the risk of failure.

Tbese messages were repeated loud and clear last year when Sumitomo, the Japanese trading and financial giant, lost about $2bn from copper trading and caused considerable apprehension on tbe London Metal Exchange. The Sumitomo affair, moreover, dumped another awkward issoe in regulators' laps. Invisible over-the-counter (OTC) trading was the bulk of the Sumitomo iceberg which caused so much damage. To what extent should or could regulators extend their remit to include OTC trading?

And, as if all this were not enough, two more recent developments have increased the pressure on regulators. In Washington, legislative moves to weaken the authority of the Commodity Futures Trading Commission (CFTC) over professional traders have sparked a bitter bureaucratic battle.

On the other side of the Atlantic, tbe new Labour government's plans to merge many separate financial regulatory bodies with the Securities and Investments Board (Sib), the existing overall regulator, have thrown the City into confusion.

The response to Barings was to step up international co-operation between regulators. An elaborate framework of agreements to share information, consult on best practice, and co-ordinate action in crises bas been constructed over tbe past couple of years.

It started with the Windsor declaration of 1995, by which international regulators gathered under the auspices of tbe British and Americans at Windsor, England, and committed themselves to share information on institutions which had accumulated substantial market exposures.

These undertakings reinforce a network of bilateral agreements, or memorandums of understandlog (MoUs), between governments. MoUs commit countries to belp each other with information, investigations and market surveillance. Regulatory agencies, as distinct from governments, also enter into Financial Information Sharing Memorandums of Understanding or FisMoUs. In the UK, for example, the Sib might waive capital adequacy requirements for an institution operating in London but based in a country where the relevant agency has signed a FisMoU.

The main body througb which market information is shared and hest practice disseminated is tbe International Organisation of Securities Commissions (Iosco). The UK Treasury, the Sib, and self-regulatory organisations such as the Securities and Futures Autbority are active in Iosco.

Regulators have also attempted partly to tackle tbe problem of global financial groups which operate in many different markets by developing links between Iosco, the Basle committee of the Bank for International Settlements, the principal forum for international banking regulation, and the International centrate on the weaker.

However, it is precisely this approach whicb is causing so much angst in Washington. The US futures regulatory regime was basically designed to protect individual investors when futures markets traded primarily agricultural contracts. But nowadays the markets are overwbelmingly used by professionals to trade financial contracts. Professionals find the regulatory regime irksome and expensive. They increasingly use OTC contracts whicb more and more resemble exchange-traded products.

Bills in committee in both bouses of Congress would relax the regulatory regime for principals or professional tradera on US futures exchanges – the so-called "pro-exemption". The proposal is supported by the leading Chicago futures exchanges because they fear that otherwise more business will drift away to the OTC market.

Bot a pro-exemption would strip the CFTC of much of its existing power. "It's fair to say the CFTC is fighting for its life," said Mr Eric Bettelheim, a derivatives lawyer with Mayer, Brown & Platt in London. Mr Bettelheim thinks tbat the CFTC has done a good job but that it needs to craft a different regulatory framework in the new circumstances.


Sumitomo's $2bn loss from copper trading last year caused considerable apprehension on the London Metal Exchange

Losing influence over excbange-traded contracts would also end the CFTC's ambition to draw OTC contracts into its orbit. The big institutions would not lament defeat of the commission's designs on the OTC market. The institutions believe that competitive pressures to maintain their credit rating, bolstered by capital adequacy rules and the legal accountability of senior managers, are sanction enough. Much the same argument is made in the UK for leaving OTC markets on a loose rein.

In any case, the OTC issue is definitely subsidiary in the UK to tbe impending shake-up of the regulatory structure.

Futures and options traders take comfort from having a self-regulating organisation (SRO) – the Securities and Futures Authority – as their front-line regulator. Similarly, the futures and options exchanges, although they have to be recognised, enjoy considerable autonomy.

None of this may last. Despite reassuring official promises, the derivatives industry is worried that its voice will be lost in the bureaucratic maw of a Supersib. The stakes are high for a business which depends on being innovntive and fleet of font.

Mr Anthony Belchambers, chief executive of the Futures and Options Association, the industry's trade body, acknowledges that mucb will depend on tbe internal organisation of the Sib's successor.

But, he points out, tbe industry pays for regulation and there should be "no taxation without representation". Whatever happens to international regulatory co-ordination of derivatives, there will be enough action in London and Washington to keep everyone busy.

ACCOUNTING • by Jim Kelly

Auditors face up to the future

Accountants are examining ways to report on a company's exposure to risks


Sir Bryan Carsberg: Canadian report has been widely praised

Accounting for derivatives – their disclosure, measurement and recognition – is to some extent the new Holy Grail of financial reporting. Once accountants argued about bow to account for goodwill. Derivatives makes that sterile debate look deceptively simple.

The professioo is moving with uncbaracteristic speed to meet this challenge. There are two reasons for this. First, a failure to account for tbese risks in published accounts endangers the interests of shareholders on a massive scale. Auditors would be hard-pressed to recover their credibility if a string of further scandals were to follow cases such as the failure of Barings.

Second, and more subtly, if the search for a way of accounting for derivatives – and, indeed, all financial instruments – fails, then the very existence of annual published accounts will be called into question. What will be the use of an annual report and accounts which minutely lists irrelevant risks but ignores potentially disastrous ones ?

Accounting for derivatives is likely to illustrate the future direction of financial reporting on a global basis. It will sbow wbether annual reporting can survive in the age of real-time data. And it will help establisb the annual report and accounts as a document whicb illustrates future risk rather than simply details the past.

Tbe first problem with reporting on financial instruments, tbeir disclosure, is far easier to solve than the second, how and when to measure tbem. The UK's Accounting Standards Board plans to bave a standard in place by late this year. The ASB wants to require companies to ahow in the accounts information about financial instruments sucb as loans, bonds and debt as well as derivatives such as swaps, forward contracts and options. While current rules require some disclosure, the new standard is designed to focus on significant risks. Companies would have to discuss in the accounts their exposure to, and management of, such risks.

Such a code would bring the UK into line with the US and with rules being developed by the International Accounting Standards Committee (IASC), tbe body which bas been entrusted with the task of forging a global financial reporting code. It is on this international stage that the world's leading regulators are also trying to find a solution to the second derivatives problem – their measurement.

The IASC bas been asked to prepare a set of core standards by spring next year which will be presented to IOSCO – the club of lbe world's leading stock market regulatora. If IOSCO endorses the package then – in theory at least – a single set of accounts would be acceptable in all the world's leading markets.

Accounting for derivatives is part of this package. While disclosure is no problem it is widely recognised that the standard on measurement is unlikely to be ready in time. It may be set aside to allow the package to go forward but pressure will continue to complete the project as it is considered a vital part of securing shareholders' interests.

But the IASC is making progress on the issoe. A steering committee report, written by Canadlan accounting experts, has produced a draft which Sir Bryan Carsberg, the IASC's secretary-general and former UK regulator, says has "been widely praised". Broadly, it recommends that all derivatives and financial instruments should be marked to market, including controversially, investments beld and long-term loans.

Compromises will be necessary to gain agreement and they are likely to focus on where in the accounts movements in the value of financial inatruments are shown and when tbey impact on profits. The majority of the committee wants them in the primary performance statement, known in the UK as the profit and loss account. In such cases changes in value would affect reported profits and key market indicators sucb as earnings per share. There would be one exception, with bedging transactions being shown in the secondary performance statement, known in the UK as the statement of total recognised gains and losses. Any gain or loss would only be recognised in the profit and loss account – and affect profits – when the hedge was completed.

The Beijing meeting will need to tackle the exact format of the secondary performance statement, a vital prerequisite to finding an acceptable solntion to the accounting for derivatives. It may well be that other financial instruments will end up in this statement and therefore not reflected immediately through income but accounted for as part of total performance, a measure less keenly watched by analysts.

The measurement of derivatives and other financial instruments would have an important impact on company accounts and reported profits. If sucb a standard ever became part of the IOSCO package and is accepted at domestic level in the leading economies, it would revolotionise the accounts of the world's big companies.

4 DERIVATIVES

JAPAN • by Gwen Robinson

Backward in coming forward

Sweeping reforms will clear the way for the growth of the derivatives industry

The backward nature of Japan's fledgling derivatives industry highlights a glaring incongruity in one of the world's largest capital markets. Under present laws, over-the-counter options are illegal, primarily because they technically violate a provision in the securities and exchange law which bans off-market transactions that link payments to market prices. Some sophisticated financial derivatives popular in overseas markets also run foul of Japan's gambling laws.

Japanese financial institutions can sidestep these legal obstacles by entering into OTC contracts through their overseas units. But the practice is fraught with accounting problems, which have been exacerbated by the shift of corporate Japan toward international accounting standards.

In addition, recent massive losses on overseas derivatives trading by large Japanese financial institutions have fuelled wariness among Japanese investors. Among the largest this year, Industrial Bank of Japan, the country's leading long-term credit bank, reported in May that its London branch had incurred a Y10bn ($87m) loss on derivatives trading. The loss showed up after the bank introduced a new mark-to-market accounting method on April 1. IBJ's announcement followed the March admission by Bank of Tokyo-Mitsubishi, Japan's top commercial bank, that its New York unit had incurred losses of around $50m from such instruments as US interest rate swaps.

The losses highlight the weakness of risk management systems at many Japanese financial institutions, but also reveal their growing interest in derivatives and their large exposures in overseas markets.

In Japan, many legal restrictions which have hindered the growth of the derivatives industry will be abolished under sweeping reforms already being implemented under the government's "Big Bang" programme of financial deregulation.

The prime minister, Mr Ryutaro Hashimoto, made financial and administrative reform a centrepiece of his re-election campaign last year. Such promises were not new. In the wake of reformist rhetoric by previous administrations, the finance industry was interested but hardly excited.

But the speed with which Mr Hashimoto has announced and begun implementing substantial changes has taken the industry by surprise. "It has been very quick – much quicker than we expected and clearly highlights the determination of the government to push ahead with the changes. But in the field of derivatives, we are unlikely to see the most sophisticated products here any time soon – there's a lot of catching up to do," said Mr Leigh Baxandall, head of derivatives research and marketing at BZW Securities in Tokyo.

First up on the government's agenda is the introduction of stock options, which will begin on July 18. From next spring, foreign exchange controls will be relaxed, eliminating barriers to cross-border flows of funds. Possibly next year, fixed commissions on equity transactions – a deterrent for many investors – will be lifted. That will be followed by abolition of the ban on securities derivatives, which will clear the way for OTC trading of derivatives related to securities.

By 1999, a review of current taxes on securities transactions and futures and options trading will be completed, and is expected to recommend their abolition. Within the same time frame, the government intends to introduce new accounting standards for financial instruments, including the use of mark-to-market methodologies for such instruments as securities and derivatives.

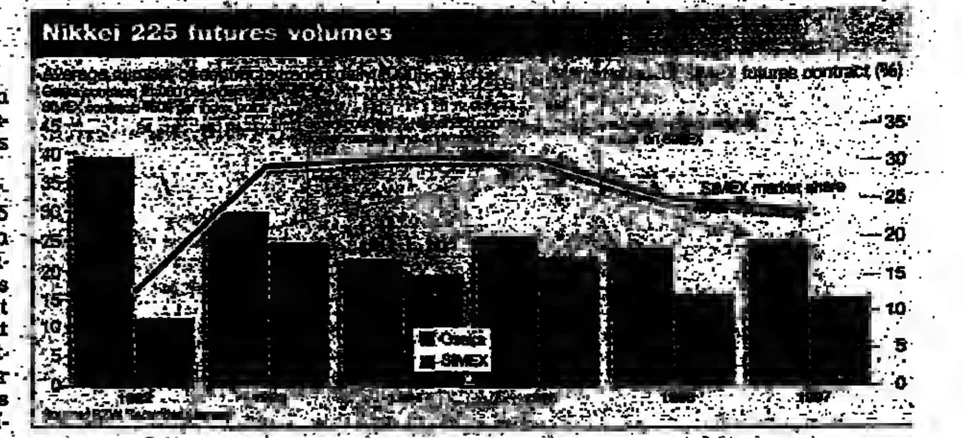
Such sweeping reforms stem from the government's growing fear that Japan is losing its status as a leading financial market to more accommodating markets overseas. The slide began in 1990, following the end of the speculative bubble economy era. In just three years, annual turnover at the Tokyo Stock Exchange plunged from $2,431bn in 1989 to $476bn in 1992. It rebounded in 1995 to nearly $900bn, but Tokyo's share of total international stock trading dropped to 17 per cent in 1995 from about 40 per cent in 1990.

In the field of derivatives, high costs of commissions as well as arcane regulations drove dealing in the Nikkei-225 futures contract offshore in the early 1990s. In the Asian region, the prime beneficiary was Singapore's International Monetary Exchange (Simex) which offered relatively low costs and a liberal environment for trading futures on the Japanese stock and interest-rate markets.

Simex boomed in the early 1990s as the Osaka Stock Exchange, which lists Nikkei stock index futures and options contracts, and the Tokyo International Financial Futures Exchange (Tiffe), languished. However, the Barings collapse in 1995 weighed heavily on Simex, which has tightened regulations and imposed more costly market oversight and reporting requirements on brokers in the wake of massive illegal trades by Barings trader Nick Leeson.

Simex's volume and market share of Nikkei-225 futures contracts has fallen since then. Although Japanese derivatives exchanges have experienced a slight increase, they only account for part of Singapore's shortfall. Now, Simex brokers fear that much of their business will shift to a newly competitive Japanese environment, and are pressing Simex authorities to relax some of the recent market regulations. Under Japan's big bang programme, the abolition – possibly next year – of fixed commissions on securities transactions will enable brokers to freely set commissions and will sharply lower the costs for both members and end-users on the Tokyo and Osaka derivatives exchanges.

Even when mandatory commissions on transactions are eliminated, Japan's two exchanges will not be able to lower costs to match Simex, where brokers have pared down profit margins on trades to as low as one-quarter of the margins in Japan under the minimum-commission system. But an added attraction that is certain to win investors following deregulation of commissions is the massive liquidity offered by Japanese exchanges.



Mr Akira Sunaga, president of Nippon Derivative Consultants in Singapore, said the Japanese market is "a treasure island of price gaps" created by the current welter of overlapping regulations. Mr Sunaga established his company in March this year to catch the rising wave of Japanese interest in derivatives. Demand for his services, mainly managing hedge funds and consulting on financial derivatives, has already soared.

Brokers in Japan – both foreign and domestic – are expecting strong demand for derivatives, particularly as recent foreign-exchange turbulence has reminded Japanese investors of the need to hedge risks.

Among foreign institutions specialising in derivatives products and risk management services, Credit Suisse Financial Products (CSFP), a member of the Credit Suisse First Boston group, became the first to acquire an official banking licence from the government. The licence is required to conduct foreign exchange business. CSFP opened its first branch in April with about 90 employees, half of them involved in developing new risk management products.

Other foreign institutions are using their expertise in sophisticated financial products to form partnerships with Japanese counterparts. In February, Dai-Ichi Kangyo Bank and Merrill Lynch agreed to jointly set up a derivatives business. In April, Bankers Trust, of the US, and Nippon Credit Bank, the financially-troubled long-term credit bank, established an alliance to develop financial products in fields including securitisation.

At the forefront, however, are companies that are already firmly established in Japan. The Barclays group, for example, arrived in 1969 and in recent years has been expanding its investment banking capabilities through BZW Securities (Japan) which set up Japan operations in 1987. In the past year it focused on fixed-income operations. Barclays last year entered a joint investment advisory venture with the Nikko group, which it took over from Wells Fargo, of the US. It recently announced a link-up with Hokkaido Takushoku, a large commercial bank known as Takugin, and is now applying for an investment trust and management licence.

The promise of deregulation is hardly new, and has been raised by a number of previous Japanese administrations. But this time around, the government clearly means business – and the pickings are rich. As that realisation grows in the financial community, both foreign and Japanese, announcements of similar tie-ups between foreign and Japanese institutions are gathering momentum.

INSURANCE DERIVATIVES • by Michael Prest

Fear of 'cats' results in new products

The industry is seeking new ways of increasing its capacity to carry risks

You need only talk to an insurer for a short while these days to hear the word "catastrophe". The reference is to the pervasive fear that a huge natural disaster or "cat" such as an earthquake striking California or a tidal wave hitting Japan would do as much damage to the insurance industry as to the property in its path.

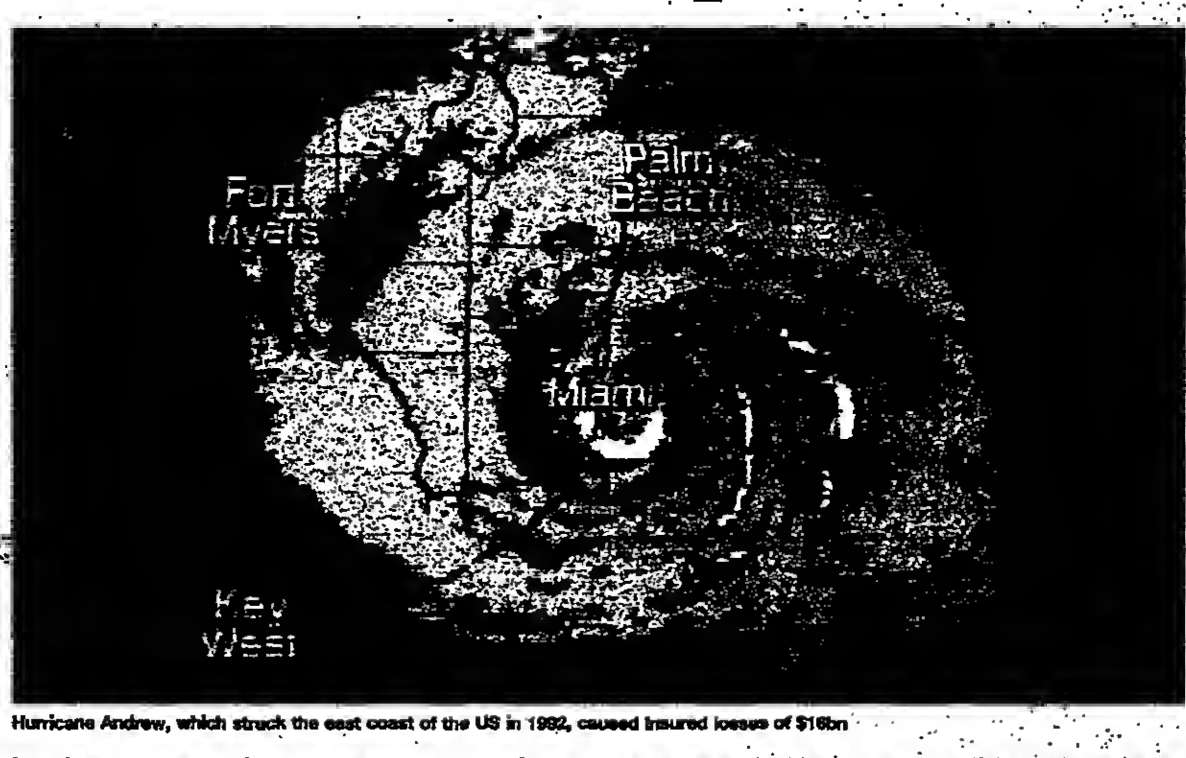
The arithmetic is brutal. A cat of this sort could inflict damage costing a colossal $100bn. That is about half of the capitalisation of the US insurance industry. In other words, a good slice of the industry would be rendered insolvent and the losses would reverberate throughout the global financial system.

Hurricane Andrew was an uncomfortable trial run in 1992, causing insured losses of $16bn up the east coast of the US. Since then, the insurance industry has been trying to find new ways of increasing its capacity to carry risks. It has looked in two directions: to derivatives proper; and to other financial devices such as securitisation. The simple reason is that the capital markets total $12,000bn, more than enough to absorb systemic risk from insurance.

At first sight, derivatives and securitisation might seem very different approaches. But they perform the same function of transferring risk – the classic purpose of insurance. Derivatives such as options, long used to transfer foreign exchange or interest rate risk, are in fact a logical extension of insurance. Securitisation – which turns an illiquid asset such as an insurance liability into a liquid asset such as a bond – also transfers risk and frees capital.

The oddity is that these largely separate markets did not converge earlier. Conventional reinsurance has become an inefficient way of laying off risk because of the costs, not least in brokers' commissions, and the incestuous relations between insurers and reinsurers. The insurance market also suffers from poor price discovery – it is hard to compare premiums.

In the early 1990s there was much excited talk of insurance being a new "asset class", much as interest rates had become a decade earlier. The Chicago Board of Trade (CBOT) tried to capitalise on these ideas by launching a market in insurance derivatives. Taking a conventional line, the CBOT started a catastrophe futures contract in 1992. It flopped, largely because the contract was poorly correlated with the underlying risk and because futures markets require frequent price variations, which do not occur in the insurance field.



Hurricane Andrew, which struck the east coast of the US in 1992, caused insured losses of $16bn

The CBOT tried again in 1995 with an options contract. The new offering had two advantages. An option does not require the same degree of volatility to be attractive to an investor, and the contract was based on an index of catastrophe losses devised by Property Claims Services of New Jersey. The index tracks the real market closely.

An investor in the options – the buyer – is effectively taking a reinsurance position. The seller's loss need only be the option premium. The contract is also guaranteed by the Chicago Board of Trade Clearing Corporation. In theory, the very low cost of dealing on the CBOT compared with insurance brokerage commissions should lead to lower premiums.

So far, however, business has been modest. About 19,500 contracts have been traded since the product was launched, and the open interest totals only about $50m. But Ms Dena Karras, a senior product manager at the CBOT, said: "We're growing. It's becoming more accepted."

Mr Frank Majors, managing director of Willis Corroon Catastrophe Management, part of the Willis Corroon insurance broking group, agrees that the CBOT has succeeded in getting the point across. "People in the insurance industry understand it now, which is more than could be said 18 months ago." His colleague Mr Greg Hagood, who recently joined Willis Corroon from Bear, Stearns, believes the widespread use of traded derivatives to transfer insurance risk is inevitable.

Their case is corroborated by the emergence towards the end of last year of the Catastrophe Exchange, based in New York. Unlike the CBOT contract, Catex resembles a highly sophisticated electronic bulletin board on which risks can be swapped. Catex has seen little business and some experts maintain that its real value is information disclosure or "an intranet for the insurance industry".

Securitisation has made a bit more headway. Here the creation of a new asset class is more obvious. An investment bank turns catastrophe risk into bonds, known as "Act of God" bonds, which it sells to investors. The market has not yet learned how to price these bonds, so they tend to yield high rates of return which make them attractive to "yield hogs". Another strong attraction is that the bonds' performance is not correlated to overall market results.

Several deals have proved that investors have an appetite for securitised insurance risk. Last year Goldman Sachs, the investment bank, helped to market bonds totalling $68.5m for St Paul Re, the reinsurance arm of the Minneapolis-St Paul company, St Paul Fire and Marine Insurance. Investors buy bonds or shares in St Paul when the company suffers underwriting losses over a given amount.

Another deal was the $400m raised this year by USAA, a car insurer based in San Antonio, Texas. A similar offering last year failed to take off, and USAA was surprised by the success this time. Winterthur, the big Swiss insurance company, showed how specialised securitisation could be when it sold bonds to reinsure against hail damage to cars.

Encouraged by such deals, many insurance companies and banks have set up companies – called "transformer companies" – to explore the potential of turning reinsurance risk into securities. Guy Carpenter, the reinsurance arm of Marsh & McLennan, started Normandy Re; Swiss Re and Credit Suisse have created Swiss Re Financial Products; and Goldman Sachs set up a transformer company for the St Paul offering.

Elsewhere in the industry, life insurance companies are using derivatives to increase the returns on guaranteed products such as bonds which promise to preserve the investor's capital. Mr David Barclay-Miller, marketing director of Millennium Life Assurance, a Guernsey company, teamed up with HSBC Midland to offer Names at Lloyd's of London a bond which they can use to satisfy Lloyd's funds requirement without tying up capital inefficiently.

Catastrophes or not, derivatives and insurance have become inseparable.

INSURANCE SAVINGS PRODUCTS

Hybrid policy

Not content with exploring the use of derivatives to transfer underwriting risk, insurance companies have started to link derivatives to savings products. Investors have been wooed over the past two or three years with promises of "guaranteed" bonds which appear to be the perfect combination of preserving capital while offering a good chance of profit as well.

The idea is to appeal to cautious investors. Continental investors especially have tended to prefer the security of bonds, even though equities have consistently outperformed bonds in most European markets. Older investors and retired people also lean towards capital preservation rather than accumulation. Insurance companies and banks, hope that guaranteed products will tempt these investors more into equities.

Although many of the new products can be complicated and vary in detail, the underlying principle is common. An insurance company writes a life policy. The company offers a bond with a guaranteed rate of return, a variable bonus and guarantees that the full premium will be repaid at maturity.

This circle can apparently be squared by investing the bulk of the policyholder's premium, say about 80 per cent, in a discounted zero-coupon bond. As the bond approaches maturity its value rises towards par value, thereby guaranteeing the investor's principal. A few percentage points goes in fees and expenses.

Then comes the trick. The rest of the premium, perhaps 16 per cent, is used to buy equity options. There are two advantages. They are called the "equity kicker" because they gear the return by linking part of the premium to the stock market. The most the investor can lose – with call options in particular – is the premium on the option contract.

But options investment is a highly skilled business. It also requires capital, because the professional options investor has to trade on both sides of the market and can therefore be exposed to losses. Insurance regulators, moreover, regard the solvency of insurance companies as sacrosanct and disapprove of ingenious financial engineering.

So instead of investing the premium itself, the life office uses the premium to purchase the guaranteed investment from a bank. This often suits banks because margins in traditional banking activities are frequently wafer-thin and they are looking for new ways to leverage their capital.

The money is placed in a special deposit with the bank. The returns on the bond sold by the insurance company are linked to the deposit. If the bank's options traders fail to deliver the promised return, the difference comes out of the bank's capital. The guarantee – and hence the risk – is assumed by the bank.

Mr David Barclay-Miller, marketing director of Millennium Life Assurance, a Guernsey company which has pioneered such products, said: "You're turning systemic risk into credit risk. It's banking and insurance being forced together."

Effectively, the investor is buying a gilt-equity hybrid, made possible by derivatives. But these instruments are complex, and the protection that the option element of the investment is supposed to provide in a falling equity market has yet to be severely tested. Assuming no disasters, derivatives may have given insurance companies a new way of burnishing their image.

Michael Prest

OVERNIGHT SWAPS • by Samer Iskandar

Warm welcome for Sonia, the reliable benchmark

Bankers hope sterling OISs match the liquidity of more mature markets

After waiting for almost a year, bankers were delighted in November 1996 when two trade bodies, the British Bankers Association and the Wholesale Market Brokers' Association, finally launched the widely-expected Sonia index – Sterling Overnight Indexed Average.

Bankers have always said that overnight interest rate indices, in markets where they exist, favour the development of the cash management industry. But, more to the point, one of the most lucrative uses of such indices is as the underlying floating rate for Overnight Indexed Swaps (OIS), a rapidly growing set of tools for short-term interest rate risk.

"We always knew there was strong demand for sterling OISs," says a banker in London. "The only reason this market did not develop earlier was the absence of a reliable benchmark like Sonia."

OISs are widely used by bank treasury departments, which have to intervene on the overnight market to square up their lending books at the end of the day. Bond traders, which often finance purchases by borrowing on the market, are also active users. And while foreign exchange dealers are becoming increasingly active, corporate treasurers are seen as the most obvious next target.

"They are a very effective risk management tool," says Mr William Porter, short-term interest rate product manager at JPMorgan. "They are the only instruments that allow users to hedge funding risk, as opposed to fixing risk."

The reason Sonia took so long to set up was the need for the index to reflect a precise rate at which overnight lending occurred in the market place. "Fixing rates, such as Libor, are prices at which banks indicate they are willing to do business," says a banker in London. "But OISs require a reference rate at which this business is actually done."

Sonia, for example, is a daily average of the rates paid for overnight deposits of more than £5m by London's seven largest money brokers. US dollar OISs, which started trading in Europe just over a year ago, use the Fed Funds effective rate as the underlying floating rate.

William Porter: yen sector will become next big OIS market

The Ecu offers another good example. The Bank for International Settlements, the umbrella organisation for central banks, participated in the creation of the index, which is compiled from rates on all component currencies through more than a dozen banks. Overnight transactions are then settled at the compiled rate, which ensures that published and effective rates match.

France has had one of the world's most developed OIS markets since the early 1980s. "Everyone who is active in the money markets should be a player in OISs," says Mr Damian Kissane, global product head of money market derivatives at Deutsche Morgan Grenfell. He attributes this success to the existence of a number of different indices on cash money market rates.

Because OISs are exchanged on the unregulated over-the-counter market, statistics are hard to come by. But JPMorgan believes that with an estimated global daily volume of $20bn, OIS activity in French francs is roughly equivalent to trading of exchange-listed futures on French three-month interest rates.

Conversely, OISs have failed to make inroads in the Japanese market, although bankers believe there is huge potential. The main reason is the absence of a consensus on the underlying rate. "Foreign banks use Libor as a reference, while Japanese banks prefer Tibor [the Tokyo interbank rate]," says one banker. "So will OISs be a Libor market or a Tibor market?"

JPMorgan, however, is optimistic the yen sector will become the next big OIS market. "The central bank is very supportive," says Mr Porter. "Its uncollateralised overnight call rate, published daily, will make an ideal benchmark [for the floating rate]."

Other markets where OISs are expected to make an appearance in the near future include the Scandinavian currencies and the Swiss franc. But the market's growth is hindered by technical considerations, including the need for cumbersome support systems.

"Marking OISs to market every day can be an operational nightmare if you do not have the appropriate systems," says Mr Kissane.

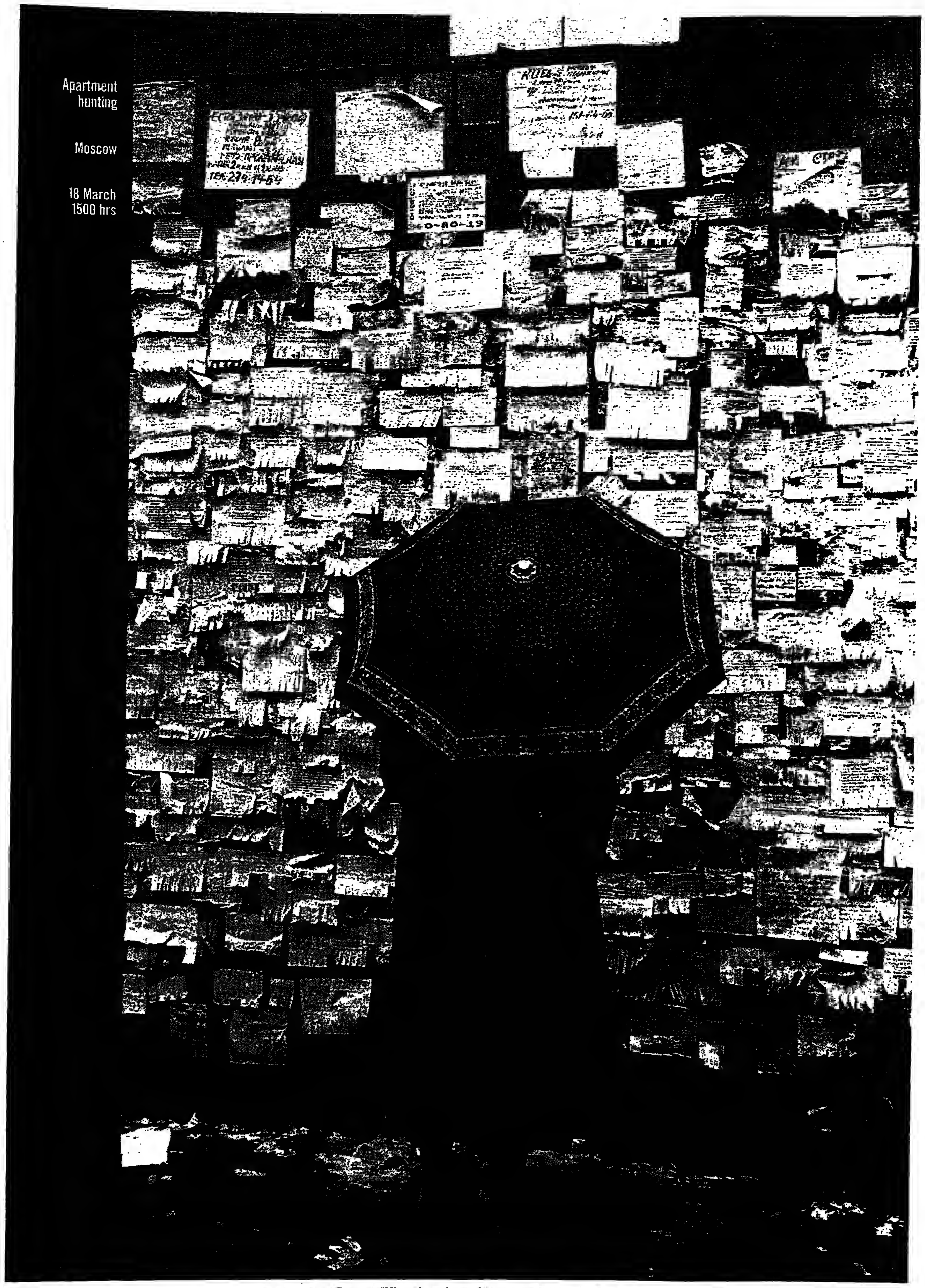
When JPMorgan launched the first sterling OISs in November, it traded the equivalent of £700m of the instruments in just two days. But this pace has slowed significantly since, as systems' capacity seemed to lag behind growth in trading. "A lot of banks are starting off with their cash settlement systems and adapting them," says one banker in London.

The advent of European economic and monetary union (Emu) has played an important role in boosting activity levels in recent years, as short-term interest rates became the main buffer for economic and financial shocks.

"In a rigid exchange rate mechanism, where currencies cannot absorb shocks, interest rates are doubly exposed to volatility," explains a French banker. This environment naturally fosters the need for a wider array of hedging instruments.

Thus the latest political developments in France and Germany, which have raised new concerns about the feasibility of Emu and its timing, are seen as a promising sign for the OIS market. But expansion is also expected in emerging currencies. The Indian rupee, for example, is one of the exotic currencies Deutsche Morgan Grenfell is exploring.

هكذا من الأصل



**THE GOOD NEWS IS THERE'S MORE CHOICE THAN EVER IN RUSSIA.
THE BAD NEWS IS THERE'S MORE CHOICE THAN EVER IN RUSSIA.**

Capitalizing on the pent-up demand for consumer goods and services in emerging economies promises high rewards, but it also carries high risks. Often these markets don't have the communications or distribution infrastructures businesses take for granted.

For companies who want to succeed in overseas markets, a partner familiar with the political, business, regulatory and cultural climate of the target country is a necessity. Fortunately, AIG is uniquely positioned to help companies guard against the many risks entailed in doing business abroad.

If you are investing in overseas markets, AIG can help you protect your employees, your operations and your balance sheet on a local, regional and global basis through its unmatched breadth of insurance and financial services. Services like directors and officers coverage, employee benefit plans, foreign exchange management and travel accident coverages. And we've got the top financial ratings to back us up. So your company won't be left wondering which way to turn next.

AIG

WORLD LEADERS IN INSURANCE AND FINANCIAL SERVICES

American International Group, Inc., Dept. A, 70 Pine Street, New York, NY 10270

CREDIT DERIVATIVES • by Samer Iskandar

Great expectations of a promising future

This sector, still in search of an identity, is seen as the next big growth area

The financial community has barely begun to fathom the possible uses of credit derivatives, widely believed to be the most promising new sector in the over-the-counter derivatives market.

"Everybody wants to be active in this market," says an analyst at one of the international banking trade associations. "They do not know exactly what they want to do, but they want to be there."

Although active trading in credit derivatives only dates back to 1992, the market's growth rate has been impressive. And analysts believe this treod is set to continue.

"This is the most obvious next big growth area of derivatives," says Mr Mark Rhys, a partner in the financial markets group at Arthur Andersen. "Every time we talk to clients who are active in the field, they are doing something new."

Credit derivatives – at least their simplest, or "plain vanilla" elements – are still divided into two main families:

■ Default products, which are generally (wrongly) compared to insurance policies against the risk that a borrower might default.

■ Total return ewaps, in whicb the entire economic risk attached to an asset is transferred to a counterpart without actually moving the asset itself.

But variants are already being developed, as well as combinations of these products with others – for example credit-linked notes, which are bonds to which a credit derivative is attached.

Credit swaps, which account for more than a third of the London market, are currently the most widely used instruments. But analysts believe spread products will experience faster growth and expect their market share to rise to 22 per cent by 2000, from 15 per cent. Meanwhila, credit swaps are expected to stagnate, according to a survey late last year by the British Bankers Association.

"Credit derivatives could take over from securitisation and secondary loan trading, if growth slows in these markets," says Mr Ronit Ghose, an analyst at the BBA who edited a book on credit derivatives*. "After all, they are fast and cheap to use and offer advantages in terms of confidentiality."

The development of credit derivatives, however, is still constrained by the absence of clear pricing methods and by the uncertainty over the way regulators will treat the market. "Pricing them is more of an art than a science," says Mr Rhys. "We are not yet at the stage where back office staff are dealing with a defined process. This is a bit like the situation in the interest rate swaps market 10 years ago."

Mr Ghose says traders are still pricing credit derivatives on the basis of a proxy, "usually a bond because it is liquid".

"For thie market to become more liquid, we need more price transparency," says Mr Mike Newman, a vice-president at Eurobrokers Maxcor in New York. "Now, we have to make a sophisticated analysis of each deal. But methods of assessment are bound to evolve over time."

Credit derivatives

Notional value of London's leading 15 institutions

Size £	No of institutions
[illegible]	[illegible]
100m-500m	2
[illegible]	[illegible]
1bn-5bn	5
[illegible]	[illegible]

Estimate of the size of the London market ($bn)

	1996	1998	2000
[illegible]	[illegible]	[illegible]	[illegible]
High	75	300	1,200
[illegible]	[illegible]	[illegible]	[illegible]

Source: BBA Survey October 1996

Impediments to more efficient pricing, however, include competitiveness. "Pricing is a closely guarded secret for many firms," Mr Newman points. "But there is definitely more and more standardisation of trades."

The other main factor holding back growth is the risk of over-regulation. On this point, bankers are unanimous: "The less regulation the better."

In the UK, the Bank of England's attitude will be a determining factor. Early indications that the Bank might treat credit derivatives as banking products – requiring users to set aside capital to cover risks – threatened to slow the market's progression. These worries, however, have waned recently after the Bank said it was more likely to grant thesa products "trading book" status, which is less capital intensive.

Trade associations, meanwhile, have been working on standard documentation that will harmonise definitions and make litigation less likely. The International Swaps and Derivatives Association has been particularly active. It is expected to issue standard documantation soon. This would be derived from ISDA's previous work on interest rate and currency OTC instruments, the eo-called "Master Agreement", which set the industry's standards.

"With ISDA on the verge of publishing standard documentation, tha market should receive a strong boost," says Ms Ioiia Levine, head of the derivatives practice at Hammond Suddards, a law firm in London. "With legal issues now being solved, there is a real interest from market participants not yet doing credit derivatives to get into this field."

Paradoxically European monetary union, which is threatening to shrink activity in most segments of the derivatives market, could well have the opposite effect on credit derivatives.

Mr Rhys at Arthur Andersen says: "The euro [the planned single currency] might make it very interesting for this market."

Declining interest rate and currency volatility in the run-up to the single currency will push banks to stop trading interest rate differentials and put more emphasis on credit as a way to increase returns on investments. This has led to the emergence of a high-yield bond market in Europe, which in turn triggered the need for more sophisticated credit analysis.

"The pool of credit knowledga is growing at an incredibly fast pace in Europe," said one banker. "As our ability to understand credit improves, so does our ability to trade it."

**Credit Derivatives: Key Issues. British Bankers' Association. Tel: 44-171-216 8800.*

EQUITY DERIVATIVES • by Rachel Fixsen

Companies strike the right notes with investors

Europe's issuers are increasingly seeing the merits of the hedged convertible

Equity derivatives can be the key to success in primary equity issues. Particularly in mainland Europe, where many retail investors tend to shrink from the risks of holding shares, principal guarantees in various guises can help a new issue take off.

In its privatisation of the insurance group Ina, the Italian government opted for sovereign exchangeables instead of an equity offering. The idea was that the notes would be easier to trade, givlog tbe investor the full opside hut minimal downside risk. "When the market is not as friendly as you'd hope, issuing these convertible structures still gives you a chance," one source close to the transaction says. The issue was five-times oversubscribed.

Standard convertibles, however, mean the issuer must shoulder the risk that its share price might languish, leaving the stock unissued. The American entertainment group Viacom, in its 1994 merger with Paramount took a middle path. The desl, which involved swepping stock rather than offering cash, was sugared with a type of warrant, called CVRs (contingent value rights). The CVRs effectively pledged to compensate for a possible fall in the company's share price with cash, up to a certain level.

CVRs can be risky for the issuer, though. At ooe stage, investor fears of share capital dilntion resulting from Viacom's hid sparked a downward spiral in its shares. This threatened to force Viacom to pay more compensation, leading to more dilution. But a late share price recovery saved the company from a sticky situation.

Synthetic convertibles have emerged as the solution when an issue is purely aimed at raising low-cost debt financing, and should not be dilutive. Nestlé issued just such a $300m five-year convertible through CSFB in May, based on secondary shares. All of its conversion obligations under the terms of the bonds were fully hedged. Mr Hervé Javice, director at Credit Suisse Financial Products, says the transaction enabled Nestlé to make efficient use of the arbitrage opportunities in the equity-linked market to raise pure debt at a very low cost.

Since this issue was over-subscribed five times, dealers see more of this type of convertible to come.

In France, where employees must be offered 10 per cent of a company's stock when it is floated, derivative structures can give staff access to the potential growth of many more shares than they could otherwise afford.

CSFP has arranged schemes in Europe where the employee can buy a package that is capital guaranteed and leveraged, in exchange for the discount on the share price that the company would give them. This is achieved through a loan for stock and put options to ensure staff do not lose their capital.

The principal guarantee concept becomes an investment vehicle in its own right, when packaged as a bond, or principal-protected note. These notes, which pay out the growth on a basket of stocks, are becoming more popular in the light of increasing stock market volstility. They are usually structured so that part of the coupon is waived, and this pays for call options on the underlying stocks, or indices.

"They were more popular in an environment of high interest rates, however; when interest rates are low you cannot get a lot of value for this thing," says Mr Andrzej Rojek, global head of equity derivatives for Bankers Trust.

Ramy Goldstein: people may worry about a large correction

Mr Rojek says there is a growing interest in Germany in long-dated protected equity issues. Maturities in demand are 10, 12 or 15 years. "German institutional investors and banks are vastly underinvested in stocks. They would rather buy stocks in the form of a bond," he says. The underlying basket of stocks is customised.

With many of the world's stock markets at record highs, the need for new equity derivative structures to hedge against a fall is more glaring than ever. "With markets being strong, people are going to worry abont s large correction," says Mr Ramy Goldstein, head of global equity derivatives at UBS. UK corporate pension funds are looking to lock in gains at these levels, or at least put in floors, he says.

Typically derivative-shy corporata exectives in Europe are now generally becoming more willing to turn to the instruments to hedge against potential problems snch as approaching share capital dilution arising as a convertible nears maturity. In the aftermath of various derivative-linked losses, company officials steered clear of the instruments, but this is starting to change.

"We're seeing somewhat of a transition on the European side in terms of acceptance and usage of this type of thing," Mr Goldstein says.

Certainly, European derivative exchanges are seeing record levels of turnover in their products. In the first four months of this year, volume of equity products trading on the London International Financial Futures Exchange (Liffe) was up 20 per cent year-on-year to a record of more than five and a half million contracts.

But while the volume of exchange-traded equity derivatives might be growing, the range of products available is still too limited for many risk applications. Exchanges have tried to broaden this, notably the American Stock Exchange and the Chicago Board Options Exchange, which introduced flexible options on individual shares in October.

These allow clients to find a market maker willing to tailor an instrument to specific needs. But the flexibility is still limited, says Mr Goldstein, as the only real variables are the strike and the maturity of the option.

New index products have been popping up. In the past three years, Liffe has added its FT-SE 100 Flex option and the FT-SE Mid 250 future.

In September, the derivatives exchange of Germany's DTB introduced the MDAX future contract on the Mid-cap DAX stock index.

Mr Rojek is sceptical about their success.

"The very fact that exchanges are trying to compete does not necessarily mean success," he says. "You can put a new toy in a store but it doesn't mean kids will play with it."

The new products are simply not generating enough liquidity, he argues.

BRAZIL'S BM&F • by Jonathan Wheatley

Ready for foreign flows

The BM&F has consolidated its position among the world's leading exchanges

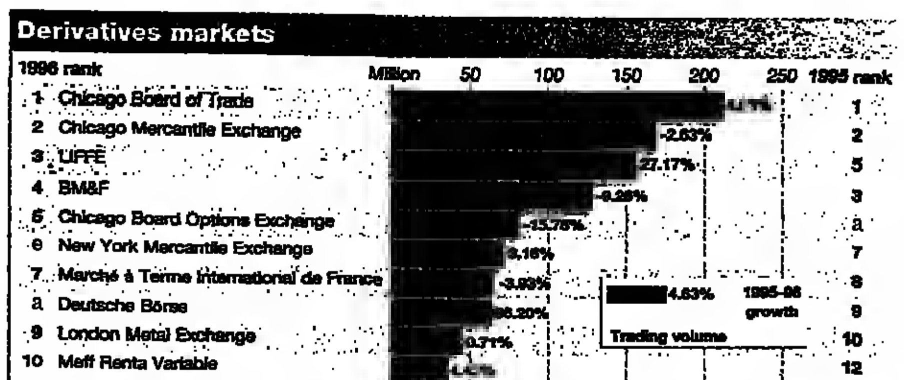
The Sao Paulo Commodities and Futures Exchange (BM&F) slipped from third place to fourth in the world ranking of derivatives markets last year, but its officials see no cause for concern.

The fall in trading volume of 9.3 per cent, they say, reflects the fact that most of the exchange's contracts grew to the size of those on international exchanges: financial volume increased by 56 per cent during the year. And to have consolidated its position among the world's leading exchanges is no mean achievement for a market that remained closed to foreign investors in what was a very difficult year for many local traders.

Mr Manoel Cintra, BM&F president, says the lifting of a government ban on foreigners using the exchange to build hedges against stock market investments in May signals the beginning of greater openness to foreign capital – an essential development if the BM&F is to grow further.

Created in 1986, the BM&F grew quickly in its early years in response to the demands of a highly sophisticated financial market skilled at wringing profits from the distorting effects of high inflation.

Inflation has fallen dramatically after economic reforms centred on the introduction of a new currency, the real, in July 1994. From 50 per cent a month on the eve of the reforms, inflation is now down to annual single digits. Nevertheless, the BM&F has continued to prosper as the short termism that dominated Brazil's financial system has been reversed and the assets of pension funds and unit trusts have grown. The amount of domestic capital invested by mutual funds has ballooned from R$2.5bn at the beginning of 1996 to about R$15bn today.



Source: FIA Monthly Volume Report and exchanges. Note: trading volume excludes options on individual equities and cash contracts

However, adapting to economic stability has not been easy for many traders. The loss of easy earnings after the fall of high inflation proved too tough a test for some and the exchange bought back 15 trading licences from brokerages that either closed or merged with others during 1996.

The central bank closed down a further 14 brokerages and two small banks involved in a corruption scandal involving alleged illegal debt issues by state and municipal governments. The brokerages had used trades on the BM&F to hide profits from the scheme. The scandal had little impact on the BM&F's credibility, other brokers say, because its reputation for financial solidity remains intact.

Officials at other markets have pointed out that the BM&F's ranking by contract volume, the standard measure for futures and commodities exchanges, ignores the fact that its contracts are smaller than those on the big international markets.

This charge no longer sticks. The BM&F's biggest volume contract, one-day interbank deposits, is now valued at R$100,000 (US$93,090). The second biggest, foreign currency futures, is valued at R$50,000 and will rise to R$100,000 in November.

The heavy volume of these two contracts is one of the exchange's problems. They each accounted for 37.5 per cent of trading volume in 1996 and, respectively, for 58.2 per cent and 25 per cent of financial volume. Mr Cintra says the BM&F's priority now is to build on the growing volume of agricultural contracts, a logical step for one of the world's big agricultural producers. "Economic stability has been very positive for the agricultural market. Contracts in this area have grown by 150 per cent thanks to lower inflation," he says.

BM&F officials are working with representatives of Brazil's partners in the Mercosur trading group – Argentina, Paraguay and Uruguay – to devise standard agricultural contracts across the region. This would do much to expand the market's relatively narrow customer base, currently dominated by the treasury departments of big local companies and banks.

This can only happen, however, if the government relaxes restrictions on foreign investment. Since the BM&F's inception, access has been limited to foreigners holding shares on Brazil's stock markets, which have tended to concentrate on the BM&F's two big contracts.

The government imposed further restrictions in August 1995, when it banned trade in derivatives by foreign investors on the grounds that funds entering the country through a channel known as Annex IV – used to grant tax-free access to stock exchanges – were being used to construct "boxed" hedge operations that amounted to fixed income instruments.

11 years of the BM&F

Year	Financial volume US$ 000
1986	19,335,613
1987	15,524,631
1988	29,870,851
1989	54,790,541
1990	39,318,713
1991	91,656,173
1992	226,802,661
1993	532,407,228
1994	1,576,807,459
1995	3,043,595,202
1996	4,743,904,462

Source: BM&F

The restriction reflected government concerns over the vast amounts of capital that were entering Brazil at the time to take advantage of its very high interest rates. Now that interest rates have fallen and the government's priority is to attract capital to help plug a growing current account gap, the ban has been lifted.

Economists say the government's actions show that it is quite happy to use financial markets as instruments of monetary policy with little consideration for the effects on the markets themselves. Nevertheless, Mr Cintra sees the lifting of the ban as the beginning of greater openness.

"It has already been established that the BM&F should look at a stage by stage process and work with the central bank to study the next steps," he says. "The government has given another very clear signal that this is the direction it wants to take."

EMERGING MARKETS • by Christine Moir

Mirror on a domestic scene

The markets of most emerging countries are mostly linked to commodities

The world's dominant futures market, Chicago, grew out of the agricultural commodities that mattered to its immediate hinterland. Pork bellies still matter today, even if Chicago is now better known for innovation in financial futures, just as, further south, orange juice futures still matter in Florida.

The futures markets of most emerging countries are usually still visibly linked to the commodities in which they principally trade. Volumes in these products fluctuate with world trade patterns.

In their efforts to join the international community of developed economies, however, most emerging nations need at an early stage to create a range of financial derivatives which mirror the stage of development of their own economies.

A few have created futures markets of a truly international character – as the UK did with the London International Financial Futures Exchange in the early 1980s. But, for most, the local futures exchange is a mirror on a domestic scene.

Among the most recent markets to attract the attention of global investors is Safex, the South African Futures Exchange. Although it is still in a transitional phase Safex is already rated 26th in the world by volume. Mr Stuart Rees, chief executive, expects strong further growth from the following factors:

- Confirmation of its international credit rating (one agency has already ranked Safex as investment grade; Mr Rees hopes for confirmation of that by a second before the end of the year);
- Abolition of exchange controls (insiders guess that South Africa will introduce free movement of capital within 18 months);
- Creation of a market for individual equity options (at present 90 per cent of Safex's volume is accounted for by its flagship futures contract based on the Johannesburg Stock Exchange All-Share Index. A range of options based on individual stocks is planned to be phased in from the end of August);
- Introduction of a Johannesburg Inter-bank Rate (Jibor). (This would galvanise the currently illiquid interest rate futures. A reduction in settlement times is already planned to breathe life into the long bond product which is also moribund at present);
- Increased familiarity with derivatives among local traders (South African fund managers lag their European counterparts by several years in their use of financial derivatives. The presence of international investors will, Mr Rees believes, speed the catching up process as locals follow where foreigners lead).

Emerging exchanges: contract volumes

Code	Exchange	Country	1996	Jan-May 1997
BBDEF	Bolsa Brasileira de Futuros	Brazil	50,360,910	1,029,793
BCE	Budapest Commodity Exchange	Hungary	5,414,464	2,580,655
BDP	Bolsa de Derivados do Porto	Portugal	243,938	387,578
BM&F	Bolsa de Mercadorias & Futuros	Brazil	134,509,876	52,452,633
BSE	Budapest Stock Exchange	Hungary	232,764	312,427
CEL	Commodity Exchange of Ljubjana	Slovenia	430,169	211,680
HKFE	Hong Kong Futures Exchange	Hong Kong	5,945,319	2,920,920
KLCE	Kuala Lumpur Commodity Exchange	Malaysia	496,068	196,969
KLOFFE	Kuala Lumpur Opts & Financial Futures Exchange Bhd.	Malaysia	77,281	73,414
KSE	The Korea Stock Exchange	Korea	715,600	779,736
MME	Malaysia Monetary Exchange	Malaysia	40,933	29,861
OTOB	Österreichische Termin-und Optionenbörse	Austria	2,841,979	1,265,017
SAFEX	South African Futures Exchange	South Africa	9,294,639	5,147,752
SEHK	The Stock Exchange of Hong Kong	Hong Kong	1,269,872	682,337
SICOM	Singapore Commodity Exchange	Singapore	1,709,895	762,495
SIMEX	Singapore International Monetary Exchange	Singapore	22,568,545	9,582,755

Source: Systematics International

Meanwhile, although Safex showed strong volume growth during 1996 – up 20 per cent in futures products and 40 per cent in options – its size relative to the underlying cash market, the Johannesburg Stock Exchange, fell substantially. In 1995, Safex turned over 300 per cent of JSE's volume. By the end of 1996 it had fallen to 250 per cent. Today its volume is no more than double, and falling.

The reason lies in the outperformance of the JSE itself. Over the same period of 18 months JSE turnover has doubled from 7 per cent of gross domestic product by value to 14 per cent.

Mr Rees attributes this to last year's introduction of electronic trading: a one-off which has encouraged a reappraisal of the cash market's attractions.

While some financial derivatives markets in emerging economies are perceived as handles to the prospects of their nascent commercial sector, others are accessed by global investors because they are proxies for the overall economy. They tend to be either at an earlier stage of development or where the state is still struggling with turbulence in the economy, fighting hyper-inflation and a weak currency.

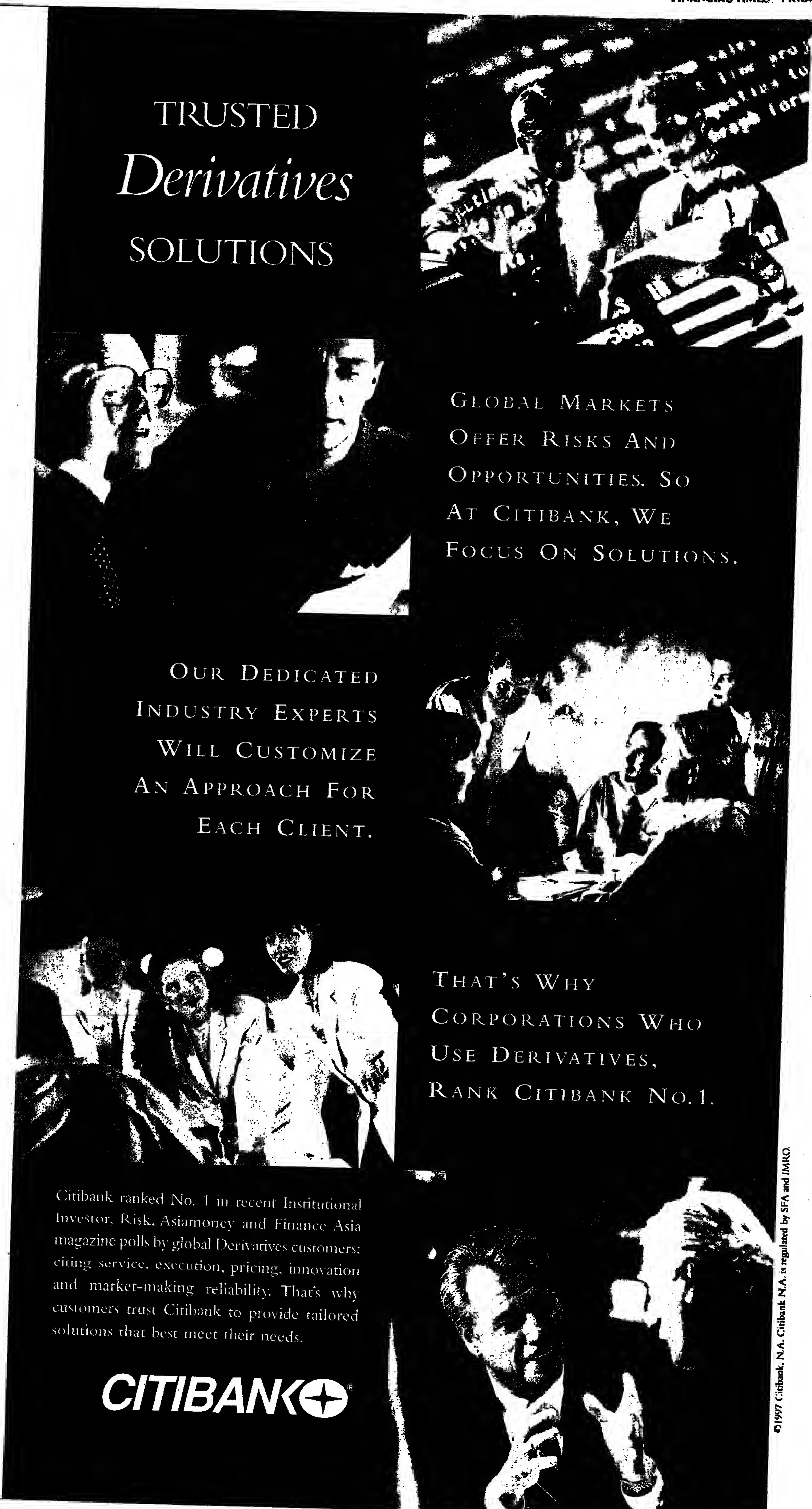
It is no surprise that the overwhelming product traded on the Bolsa Brasileira de Futuros last year was an interest rate product. It accounted for 96 per cent of total turnover. It says much for the Brazilian government's success in tackling its economic problems that this year has seen the emergence of several other competing products, including stock indices.

Attracted though most global investors are to the upside of emerging markets, the more cautious are reluctant to dice with their underdeveloped infrastructures. In some cases neighbouring exchanges with a greater perceived robustness stand to benefit. One such is the Osterreichische Termin-und-Optionen Borse (OTOB) in Vienna.

Austria is too small in itself to figure in most global investment strategies but it has become an established entrée into the economies further east. OTOB is positioning itself to build on that role. In mid March it began trading derivatives based on the HTX, an Hungarian stock index it had created earlier. In May, that was joined by a similar product mirroring the Czech index (CTX). By July there will be a Polish product and a Slovakian index option is also in the pipeline.

Together, the Hungarian and Czech products already make up 40 per cent of total volume on OTOB and the time may well come, says Mr David Courtney, OTOB's London representative, when non-domestic eastern European products dominate the exchange.

Trading on OTOB is reassuring for investors because it falls within the EU regulatory orbit. Foreigners can gain exposure to the markets of eastern Europe via the protection of a robust and stable exchange.


TRUSTED
Derivatives
SOLUTIONS
GLOBAL MARKETS OFFER RISKS AND OPPORTUNITIES. SO AT CITIBANK, WE FOCUS ON SOLUTIONS.
OUR DEDICATED INDUSTRY EXPERTS WILL CUSTOMIZE AN APPROACH FOR EACH CLIENT.
THAT'S WHY CORPORATIONS WHO USE DERIVATIVES, RANK CITIBANK NO.1.
Citibank ranked No. 1 in recent Institutional Investor, Risk, Asiamoney and Finance Asia magazine polls by global Derivatives customers; citing service, execution, pricing, innovation and market-making reliability. That's why customers trust Citibank to provide tailored solutions that best meet their needs.
CITIBANK
©1997 Citibank, N.A. Citibank N.A. is regulated by SFA and IMRO.

RECRUITMENT

Cultural fit is at the heart of personality testing of directors, says **Richard Donkin**

Candidates for a mystical matrix

Ask a beadbunter what he or she considers the moat important quality they are looking for when recruiting a tew director and tbe chances are they will reply with one short word – fit.

These three letters take on a mystical qnality when applied to the husiness of search. What tbe headhunters are really talking about is cultural fit or compatibility with the company. Without it, tbe company may find it has made a disastrous appointment.

Cultural fit is at the heart of personality testing. While some testers agree that personality questioonaires may not predict future job performance, they argue that such tests are useful when trying to assess a candidate's adaptability or suitability for a particular role. This may explain why recruiters for senior appointments are making increasing use of psychological teating, according to a report compiled for Hay/McBer, part of Hay Management Consultants.

The survey of FT-SE 100 and FT-SE 101-250 companies carried out by National Opinion Polls found that the biggest companies listed leadership and management skills as their most sought-after qualities in top executives. The second-tier companies were most interested in track record.

What would a personality test have made, I wonder, of Sam Chisholm, the departing chief execntive of Britisb Sky Broadcasting? Rupert Murdoch, the chairman of News Corporstion, which has a 40 per cent stake in BSkyB, praised Chisholm's ability to get the best out of people, "sometimes by inspiration and sometimes by terror".

Murdoch, at least, seems to understand the notion of cultural fit. Mark Booth, the man chosen to replace Chisholm, has been described by one executive as "almost the soo of Sam Chisholm".

Headhunters most he mindful of differences in corporste cultures when selecting job candidates. Rob Goffee, professor of organisational behaviour at London Business School, and Gareth Jones, professor of organisational development at Henley Management College, have drawn up a culture matrix for organisations based on two distinct and identifiable types of human relations – sociability and solidarity.

The sociable workplace, they say, is characterised by a friendly working environment with a spirit of openness and sharing of ideas. The downside to such organisations can be a tolerance of poor performance among friends and a consensus or compromise approach to solutions.

By cootrast, they say, solidarity is based upon mutual interests and shared goals. Professional organisations and trade unions typify such structures. Professors Goffee and Jones note that some companies can embody hoth cultures or may have different cultures in different parts of the company. They identify Unilever, for example, as a high sociability, low solidarlty company. Unilever's carefully nurtured friendly corporate environment risks losing iis sense of urgency, they argue. This is one reason the company is restructuring its organisation into 14 highly focused husiness groups.

The question recruiters must address – or ask their clients to addreas – is whether the assignment is designed for an existing culture or to effect cultural change.

The other hand

The decision hy Saint-Gobain, the French huilding materials group, to drop graphology, the study of handwriting, aa an aid to recruitment will have disappointed its adherents who continue to campaign for its wider use outside France.

Saint-Gobain abandoned graphology, partly hecause of the absence of scientific proof of its effectiveness, but mainly because, as ao increasingly international company, it wanted to harmonise Its selection practices with those elsewhere.

The decision came during a week wben the British Psychological Society published a new study rubbishing graphology as a selection tool.

The study hy Jane Tapsell, a lecturer at the University of Buckingham, and Jon Cox, a senior consultant with Pilat (UK), a psychometric testing company, asked graphologists to analyse the handwriting of 50 clerical, engineering and commercial employees in a large service company. The employees were attending a one-day assessment centre for access to a management development programme.

Assessment centres have a good reputation in recruitment because of their high level of validity – that is their ability to do what they say they can do. The results of the handwriting analysis were compared with the results from the centre whicb used psychometric tests, written exercises and group discussion.

While graphologists broadly agreed on their respective ratings of managerial ability, their findings showed litile correlation with those of the assessment centre. This led the authors to conclude there was no evidence to support the use of graphology in persoonel assessment.

These findings are unlikely to lead to a wholesale abandonment of graphology. Those who believe in it defend it because it has worked for them. There may be an argument that both the graphologists and psychologists lay too strong a claim for their science.

While psychology may give clues to job performance it cannot provide the whole picture. This is why assessment centres hsve such a good record. But they are expensive.

If, however, their results are so good, why is there not a national assessment centre for all people who have reached a certain age? Would people welcome such personal analysis that marks them out for life? Part of the appeal of academic qualifications lies in their imperfections. Any system that comes closer to making an assessment of an individual's true worth in life could undermine some powerful motivations in human oature. Many people, after all, spend their whole lives trying to prove others wrong.

German merger

Heidrick & Struggles, the cxecutive search firm, announced this week that it planned to merge its German operations with those of Muelder & Partner, Germany's leading executive search firm.

The merger could enable Heidrick & Struggles to overtake Korn Ferry International as the world's biggest headhunting firm: It has an annual turnover of $230m (£139.3m) while Muelder & Partner had $31m in 1996.

This suggests their combined turnover may be slightly larger than those of Korn Ferry which had an annual turnover of $256.8m to the end of March 1997.

The planned merger is likely to give Heidrick some significant advantages. It will have a greater access to large and medium-sized German companies, and it will have a larger hasc to hroaden its operations in central and eastern Europe where It will be hoping to give Egon Zhender some stiffer opposition.

Central ond eastern Europe Is increasing in sophistication, according to Korn Ferry, which rates the region as one of its top-growth areas.

Additionol reporting by Chris Bobinski

BANKING FINANCE & GENERAL APPOINTMENTS

Exceptional Advisory Roles in Equity Capital Markets

NatWest Markets is the corporate and investment banking arm of NatWest Group, one of the largest and best capitalised financial services groups in the world. With some 7,000 employees in 51 offices in 26 countries, NatWest Markets provides strategic advice, equity and debt financing, risk management, foreign exchange, and securities sales, training and research expertise to more than 3,000 leading corporations and institutions around the world.

The equity capital markets division assists corporate and government clients in the UK, Europe and the Emerging Markets with equity capital raising, privatisations, restructuring on other strategic and financial matters. The department draws on the leading research capability and industry knowledge within NatWest Markets.

Increasing new business activity throughout Europe and the Emerging Markets has generated the need to recruit a number of talented individuals to develop their careers in investment banking.

EMERGING MARKETS – MANAGERS/EXECUTIVES
Having grown its business significantly over the last two years, as evidenced by landmark transactions such as the recent LUKOIL convertible bond issue and the successful sale of a 49% interest in Telekom Srblja, the Emerging Markets team is inviting applications from candidates who are commercially orientated ACA's, lawyers, MBA's or graduates, with two/three years' relevant transaction experience in a leading investment bank. A second language, In particular Russian, would be advantageous.

EUROPEAN PRIMARY EQUITY – MANAGER/ASSISTANT DIRECTOR
With a strong emphasis on cross-border activity, the European Equity Capital Markets team is looking to develop further. It is seeking to recruit exceptional individuals at two levels:

Managers, with several years' transaction experience in a leading US/European institution;

Assistant Directors, with a minimum of five years' relevant experience, and capable of project managing a complete transaction.

European language skills are desirable though not essential.

Applicants for both teams should be entrepreneurial and capable of demonstrating a high level of academic achievement, well developed interpersonal skills and a strong track record to date. Essential attributes include ambition and a high degree of professionalism. Successful candidates can expect an excellent remuneration package, reflecting experience and qualifications.

Applicants should forward a CV in strict confidence to our retained advisers, Brian Hamill and Guy Townsend at Walker Hamill Executive Selection, 103-105, Jermyn Street, St James's, London SW1Y 6EE (Tel: 0171 839 4444 Fax: 0171 839 5857), quoting Ref: BH 3326 (Emerging Markets) or BH 3327 (European ECM). All direct responses will be forwarded to Walker Hamill.

NATWEST MARKETS

NWM

INTERNATIONAL EQUITY MANAGEMENT

Our client is a major UK-based investment management business and subsidiary of a global financial services company. The company has funds under management of approaching £15 billion. The business comprises a successful pension fund management group, unit trusts and general and life insurance funds.

EQUITY FUND MANAGEMENT HEAD OF CONTINENTAL EUROPEAN DESK

Building on the highly successful developmeot of their UK, Far East and US equity teams, our client is seekiog an individual to manage and develop their European equity desk, which currently has £600 million uoder managemeni in a variety of funds. Appropriate iodividuals are likely to be in their mid-30s with several years' experience of the contineotal European markets. Most importantly they will have a demonstrably successful investmeot track record achieved with the help of a positive and rigorous top-down approach m the markets.

Reporting to the Director of Ioternational Equities the role involves hands-on portfolio management, asset allocation input, and team management and leadership. Communication and presentational skills are a prerequisite and interested applicanta should be able to demonstrate an enthusiastic, flexible personality. This may well suit a oumber two io a team elsewhere looking to develop his/her poteotial.

This is an important positioo which has the full support and attention of the senior management. It represents an exciting opportunity for career development, and remuneration will prove attractive m the right individual.

EUROPEAN EMERGING MARKETS PORTFOLIO MANAGER

Following the recent appointmeot of a desk head for global emerging markets, our clieot is seeking a young fund manager to develop their portfolios in Europeao emerging markets. Assets io emerging market equities currendy total $110 million and are expected to expand rapidly. Aged mid/late 20s, the appropriate iodividual will have at least two years' experience of emerging markets, ideally with a European focus. Fluency io a relevant language would be a distinct advantage.

This is effectively a greenfield opportunity with all the potential advantages io terms of portfolio responsibility and career advancement. The importance of this position will be recognised by appropriate remuneration.

For both positions our client is seeking graduates who are IMRO threshold competent.

To discuss these opportunities further, in strictest confidence, please contact Christopher Lawless on 0171 379 1100 or write to him at The Bloomsbury Group, Executive Search, One Southampton Street, London WC2R 0LR (Fax 0171 240 6362).

THE BLOOMSBURY GROUP
Executive Search

Global Futures

A powerful marketeer to drive forward an equally powerful product

Goldman Sachs International is synonymous with quality, drive and commitment to the highest standards. It follows, therefore, that our selection criteria will be rigorous in identifying a candidate who will be pivotal to the development of this Important business sector.

We ore looking for candidates fully comfortable with promoting the effectiveness of Futures in managing risk, in addition to having good understanding of global clearing and settlement procedures. As important, however, are first-class marketing skills, covering the full gamut of tools necessary to expand the business.

Ideal candidates will currently be working in a team oriented environment but should also be able to take advantage of substantial autonomy. The ability to develop first-class relationships both internally and externally is crucial; tenacinus, credible, enthusiastic and confident are all adjectives which apply.

Above all, degree calibre candidates should have first-class presentation skills, high levels of motivatinn and relish the prospect of significant international travel. French and/or German language skills would be particularly useful.

If you can match all these demanding requirements, the rewards in terms of career progression and financial remuneration will not disappoint.

Please send full career details including current salary package to our retained consultants, Wendy Fenn or Malcolm Lawson, Exchange Consulting Group Ltd, 13 St. Swithin's Lane, London EC4N 8AL. Tel: 0171 929 2383. Fax: 0171 929 2805. Any CVs sent direct will be referred to them.

Goldman Sachs

Appointments Advertising

appears in the UK edition every Monday, Wednesday & Thursday end in the International edition every Friday. For further information please call:Toby Finden-Crofts on +44 0171 873 4027

EUROPEAN EQUITY STRATEGIST • EUROPEAN FIXED INCOME STRATEGIST

London

Citibank Private Bank is part of Citicorp, one of the largest and most successful global financial organisations, and provides banking and investment services through over 3300 offices in 93 countries. As part of the development of managed investment and advisory services, the Bank is looking to appoint two key individuals to work in London covering strategy for the European Fixed Income and the European Equity markets. The strategists will work in conjunction with the current team in New York ensuring the integrity of views, performance goals and time frames for the European region for internal and external investment purposes.

The following skills and qualifications are required:

- 7-10 years' experience covering either European Equity markets or European Fixed Income markets with a respected profile as a strategist.
- Strong research and analytical skills with experience in Portfolio Management or Investment Banking environment.
- Excellent written and oral communication skills.
- Marketing skills and ability to develop credible relationships both internally and externally.

This is an opportunity to play a key part within the investment process at Citibank and the appointed candidate will benefit from a competitive remuneration package and long term career prospects. Candidates with a relevant profile should apply in writing, enclosing a C.V., to: EQUITY - Miranda Scott, FIXED INCOME - Natalie Williams,

Michelangelo Associates,
2 Austin Friars, London EC2N 2HE.
Tel: 0171 456 6900. Fax: 0171 456 6925.
Email: search@michelangelo.co.uk

THE CITIBANK PRIVATE BANK

CITIBANK

We are an equal opportunities employer

US GLOBAL INVESTMENT BANK

FINANCIAL INDICES SALES

LONDON

£ COMPETITIVE SALARY + EXCELLENT BENEFITS

This successful company is a market leader in global investment banking and securities. The company serves both suppliers and users of finance around the world providing capital - raising services, developing and offering innovative financial products for a wide range of institutional clients.

An opportunity has arisen for an exceptional individual to join a specialist team within this organisation. Forming part of a comprehensive sales force responsible for numerous high quality financial products, the team provides stock indices information to investment managers in the UK and Pan-European markets.

The successful candidate is likely to be working for a leading financial institution or a financial information services company and will be able to demonstrate the following:

- At least a three year proven track record in a demanding sales environment
- A genuine interest and an in-depth understanding of UK and European equities, in particular performance measurement
- The ability to develop and and maintain strong working relationships
- Exceptional communication and presentation skills, both verbal and written
- The ability to work under pressure and meet deadlines
- A strong academic background
- The ability to speak a second European language is essential

This is an exciting opportunity for an individual to join a market leader with an outstanding reputation for providing long term career progression

If you have the necessary pre-requisites, and believe you have what it takes to develop your career in this dynamic and exciting international business please contact Sonia Thomas at Robert Walters Associates by sending a detailed Curriculum Vitae stating current remuneration to 10 Bedford Street, London WC2E 9HE. Tel: +44 171 379 3333 Fax: +44 171 915 8714. E-mail: sonia.thomas@robertwalters.com

ROBERT WALTERS ASSOCIATES

LONDON WINDSOR AMSTERDAM BRUSSELS NEW YORK HONG KONG SYDNEY WELLINGTON AUCKLAND

Junior Mergers & Acquisitions Experts

Philips is currently implementing a major restructuring programme. This has gone hand in hand with an increasing number of mergers, acquisitions and divestitures. You would therefore be joining the M&A Team at a challenging and highly interesting point in time.

Your function As a Junior Mergers & Acquisitions Expert, your main task will be to support senior colleagues in their business valuations and transaction execution responsibilities. You will be involved in financial analyses, comparative research of companies and transactions. Our Junior M&A Experts operate in small teams reporting directly to senior Project Managers.

Your profile Experience in the field of valuation financial analysis is a must. You have an outstanding knowledge of spreadsheet technology (Excel) and other Microsoft Office applications and have at least two years experience at the Corporate Finance Department of a public accountants firm or investment bank. Your conceptual and analytical proficiency is matched by your ability to maintain high levels of accuracy while carrying out numerous parallel tasks under heavy pressure. Above all, you are a team player in every sense of the word. If you fit this profile and are selected, Philips offers you a career in both Finance and Business Development.

Our Corporate Mergers & Acquisitions Team explores the realms of the possible and the impossible, providing executive staff at Philips Electronics with expert services in the field of M&A. The team currently consists of nine experts of different nationalities, who are involved in the mergers, acquisitions and divestitures of the Philips Group worldwide.

Let's make things better

PHILIPS

DERIVATIVE PRODUCT CONTROLLERS

Based London
£excellent + car + bonus + benefits

Salomon Brothers is a leading global financial institution, with offices throughout the world. Our London office has an established fixed income and equity trading presence in most European markets. The financial division in London provides financial management support for these businesses. We are searching for high-calibre individuals to join existing product control teams supporting our derivative product activities in these markets at various levels within the organisation.

The roles will provide direct relationships with derivatives practitioners and products, supervising teams that provide financial support for those people and products. This support will include involvement in pricing, risk management, general financial accounting, regulatory, tax and treasury related matters.

Candidates should have had a minimum of two years' experience in a derivatives support group in a similar organisation and a demonstrable grasp of relevant financial products. They will be graduate qualified accountants with strong academic records and proven success in their careers to date.

Packages include a very competitive salary, discretionary annual bonus, company car and comprehensive fringe benefits.

To find out more, please write to our advising consultant, Janet Bullock, quoting Ref: 443, at BBM Selection, 76 Watling Street, London EC4M 9BJ, enclosing a detailed curriculum vitae that includes daytime and evening telephone numbers. All applications will be handled in the strictest confidence.

Salomon Brothers

Know Us By Our People

Equity Strategist

Lehman Brothers is a global investment bank with leadership positions in corporate finance and advisory services, and equity and fixed income sales, trading and research. We serve the financial needs of corporate, governmental, institutional and private clients through offices in all major financial centres worldwide.

We are looking for a Strategist to join our established global strategy team. The successful candidate will be actively involved in shaping the Firm's views on asset and equity allocations. You will analyse financial markets from a fundamental perspective, drawing original investment conclusions from your research and be able to express these both verbally and in writing to an external and internal client base.

To apply, you will need a minimum of 2 years' experience as an analyst working within an asset allocation or equity strategy team. A sound background in economics and finance is essential and a working knowledge of econometrics would be advantageous. Applicants must be graduates with at least a 2.1 primary degree and ideally a masters degree. Being a teamplayer and displaying initiative are important qualities.

The successful candidate will be based in London, but will work with the Firm's existing economies, strategy and research teams around the world. A competitive compensation package will be offered.

To apply, please send your CV to Alison Deuchars, Equity Research, Lehman Brothers Ltd, One Broadgate, London EC2M 7HA.

LEHMAN BROTHERS

STANDARD LIFE

FUND MANAGEMENT

MANAGER OF UK EQUITY INCOME FUNDS

Excellent Package
(relocation assistance provided)

EDINBURGH

Standard Life is one of the largest UK equity fund managers. It is also the largest mutual life assurance company in Europe with some £52 billion in assets under management. In the fiercely competitive world of fund management our client now controls more than 2% of the UK stock market.

Standard Life is committed to competing successfully in retail savings products, and its income funds are managed in an innovative and effective manner by the current UK Equity team. This is reflected in performance: income funds are in the top third against their peer group over the last twelve months. An opportunity has now arisen for a talented individual to join this highly regarded team to work in formulating a market strategy, selecting stocks and constructing portfolios meeting income and other client requirements.

The Position

- Manage the UK equity unit trusts and insurance linked fund with higher than average portfolio yields, selecting stocks, constructing portfolios and instructing the centralised dealing team.
- Research companies in specific sectors of the UK equity market.
- Contribute to UK equity sector strategy and to the house view on UK equities.
- Support the Marketing Team by keeping them briefed and presenting to IFAs, consultants and the sales force.

The Requirements

- Track record of successful income fund management
- AIIMR or equivalent qualification.
- Confident, articulate and a team player
- Numerate and logical with a capability for creative and lateral thinking.
- Good presentational skills.

Please send your CV with current salary details to: Fiona Jobson, K/F Selection, 252 Regent Street, London W1R 6HL quoting ref: 90320/C. Alternatively send by fax on 0171-312 3380 or by e-mail to cv@kfselection.com Internet Home Page: http://www.kfselection.com

K/F SELECTION

A DIVISION OF KORN/FERRY INTERNATIONAL

Financial Industry Consultants

Our client is a Management and IT Consultancy firm located in the Benelux specialising in total solutions (from strategy to implementation) in the financial services sector worldwide. Due to its success in delivering integrated solutions to its clients around the globe it was recently acquired by a multi-national blue-chip company. The firm has currently 1,000 employees and is continuing its aggressive expansion program due to the demand for its services. It is looking for a number of professionals with a variety of profiles in the financial industry with proven skills and experience in at least three of the following areas:

- Management Consulting
- IT Consulting
- Project Management
- Treasury activities and products
- Equities dealing room
- Commodity products
- Middle-office/risk management
- Performance measurement/attribution
- Back-office settlement/SMAC
- EDI/ISITC/messaging standards

If you can demonstrate your expertise in any of the three above areas, are willing to travel either on short term or long term missions to the four corners of the world, and would like to be part of one of the most dynamic and successful consultancy companies around today, then please write to our advertising agency ***Universal Communication****, Quellinstraat 37, box 3, B-2018 Antwerpen, Belgium, who will forward all letters unopened. Hence, no information can be given over the telephone. Please do not forget to mention reference number 1009 on the envelope.*

Dresdner Kleinwort Benson

Dresdner Kleinwort Benson is one of the world's leading, fully integrated investment banks and is recognised as one of the top global co-ordinators of international equity issues. Due to increasing levels of activity across all business areas Dresdner Kleinwort Benson is looking to recruit a number of high calibre personnel.

Candidates will have the drive and ambition to thrive in a business getting environment and will be excited by the challenges that the opportunity to join Dresdner Kleinwort Benson offers. Potential candidates will be able to demonstrate an excellent academic record and a high degree of motivation.

Corporate Broking

Corporate Broking as an integral part of the Dresdner Kleinwort Benson Equity Capital Markets activities. As a member of the Corporate Broking team, you will be involved in a variety of different projects and transactions ranging from flotations, equity raisings, M&A to generalist advisory work. Strong analytical skills will be key in structuring and executing activities.

Candidates will possess a minimum of four years' Corporate Broking or Corporate Finance experience to include functioning as a No. 2 on some financing or advisory transactions.

Investment Trust Specialist

Kleinwort Benson Securities is a specialist in all aspects of Investment Trust broking. The Trust Team is one of the most highly respected in London. Due to a sustained increase in the volume of corporate business, the Investment Trust Team seeks an additional member to work with its Corporate Stockbroking Director.

Candidates must possess Investment Trust experience, a high degree of numeracy, a sound academic background and the ability to work as part of a cohesive and highly successful team.

ALL POSITIONS ARE BASED IN LONDON AND OFFER A HIGHLY COMPETITIVE SALARY AND BONUS STRUCTURE.

For further information please contact in strictest confidence our Managing Consultants David Goodrich and Julian Devey at Bell Court House, 11 Blomfield Street, London EC2M 7JF Tel. +44 (0)171 628 0770 Fax. +44 (0)171 638 9667

Prime Executive

Dresdner Kleinwort Benson

Dresdner Kleinwort Benson is one of the world's leading, fully integrated investment banks and is recognised as one of the top global co-ordinators of international equity issues. Due to increasing levels of activity across all business areas Dresdner Kleinwort Benson is looking to recruit a number of high calibre personnel.

Candidates will have the drive and ambition to thrive in a business getting environment and will be excited by the challenges that the opportunity to join Dresdner Kleinwort Benson offers. Potential candidates will be able to demonstrate an excellent academic record and a high degree of motivation.

Corporate Broking

Corporate Broking as an integral part of the Dresdner Kleinwort Benson Equity Capital Markets activities. As a member of the Corporate Broking team, you will be involved in a variety of different projects and transactions ranging from flotations, equity raisings, M&A to generalist advisory work. Strong analytical skills will be key in structuring and executing activities.

Candidates will possess a minimum of four years' Corporate Broking or Corporate Finance experience to include functioning as a No. 2 on some financing or advisory transactions.

Investment Trust Specialist

Kleinwort Benson Securities is a specialist in all aspects of Investment Trust broking. The Trust Team is one of the most highly respected in London. Due to a sustained increase in the volume of corporate business, the Investment Trust Team seeks an additional member to work with its Corporate Stockbroking Director.

Candidates must possess Investment Trust experience, a high degree of numeracy, a sound academic background and the ability to work as part of a cohesive and highly successful team.

ALL POSITIONS ARE BASED IN LONDON AND OFFER A HIGHLY COMPETITIVE SALARY AND BONUS STRUCTURE.

For further information please contact in strictest confidence our Managing Consultants David Goodrich and Julian Devey at Bell Court House, 11 Blomfield Street, London EC2M 7JF Tel. +44 (0)171 628 0770 Fax. +44 (0)171 638 9667

Prime Executive

Account Executives

Salary £ Negotiable

Armstrong International, a young, innovative City-based Executive Search firm, specialising in recruitment within the financial services industry, is looking for people to join its expanding team.

The ideal candidate will have the following characteristics:

- Experience of living and working in a European environment
- Extensive knowledge of their local, as well as the London, financial services market place
- Experience in a sales/marketing role within the financial services or a related industry
- Fluency in a second European language
- A driven, dynamic and goal oriented personality
- Educated to degree level from a well-regarded university or business school

Armstrong International is a growing organisation and is an exciting, challenging environment in which to work. Interested candidates should apply with current *curriculum vitae* to Catherine Bolton, Armstrong International, 1 Angel Court, London EC2R 7HJ. Tel: 0171 606 0002 Fax: 0171 606 2800

ARMSTRONG INTERNATIONAL

Senior Manager

Operations & Administration

LONDON — *EXCELLENT REMUNERATION*

Our Client is a highly successful commercial bank, based in the Gulf and recognised as one of the most dynamic and innovative in the region. The London branch is a significant link in their international network and focuses on the provision of trade finance and retail banking services. The future development and growth of the business is dependent upon the provision of effective back office support and an exceptional manager is now sought to head up the operations, branch administration and customer service areas.

The job holder will be specifically accountable for the following:

- Development and implementation of processes and systems to support the business strategies and improve the delivery process
- Compliance with the various Acts and regulatory controls governing the operations of the London branch
- Liaison with the Bank of England on supervisory issues
- The introduction and management of innovative customer service practices in the branch.

The selected candidate will be of graduate calibre with appropriate banking qualifications and will be able to demonstrate a successful track record in a senior operations role within the Banking sector. Exposure to current developments in banking processes and technology, experience in change management and a strong focus on all aspects of customer service are key requirements for this position.

This is an outstanding opportunity for an ambitious manager seeking a challenging and influential role in a progressive organisation.

Please write in confidence, with full career and salary details, *to* **Geoffrey Walker, MSL International Limited, 32 Aybrook Street, London W1M 3JL. Please quote ref. 63483.**

MSL

HEAD OFFICE LONDON — TEL: 0171 487 5000 — 11 OFFICES NATIONWIDE

ttt

UNITED NATIONS — NATIONS UNIES

LEGAL OFFICER (P-4), INTERNATIONAL TRADE LAW BRANCH

Office of Legal Affairs

VIENNA

The United Nations is seeking to recruit a Legal Officer for the International Trade Law Branch, Office of Legal Affairs, in Vienna. The International Trade Law Branch is the Secretariat of United Nations Commission on International Trade Law (UNCITRAL), which is the core legal body in the United Nations system in the field of international trade law. The Commission's principal task is the promotion of the progressive unification and harmonization of international trade law. The Commission fulfils this mandate by preparing legal instruments for use in international trade (draft conventions, model laws, model contract terms, legal guides, etc.), playing the leading role in co-ordinating legal activities of other international organizations active in the field of international trade law and conducting a programme of training and assistance.

Functions: Under the supervision of senior officers, the incumbent prepares comparative law research studies, drafts legal texts and commentaries on those texts on issues of international trade law. He/she services meetings of UNCITRAL and serves as secretary or assistant secretary of its subsidiary bodies or committees of a diplomatic conference.

Qualifications: *Advanced university degree in law with particular emphasis on commercial, economic and comparative law,* with a sound background in the experience of a common law system. Approximately 8 to12 years extensive experience in matters of international trade law from a private law perspective. Some experience in legislative drafting and the codification of law desirable. Fluency in English or French. Proficiency in another UN official language desired. Skills in English or French must be of a standard sufficient to enable the incumbent to draft legal texts clearly and precisely

Preference will be given to equally qualified women candidates.

Remuneration: Depending on professional background and experience, annual gross salary plus post adjustment from US$89,405 (without dependents) and US$90,987 (with dependents) plus a number of additional benefits, when applicable, such as rental subsidy, dependency allowance, education allowance for children, repatriation grant, employer's contribution to pension fund, 6 weeks' annual vacation, paid home leave every two years. Closing date for receipt of applications: 25 July 1997. Applications with full curriculum vitae, including salary history, birth date and nationality, should be sent with indication of the vacancy number 97-L-OLA-048-VI/SSR to Office of Human Resources Management, Room S-2560H, United Nations, New York, NY 10017, USA. Fax: 212-963-3134(USA).

Geneva

Head of Sales and Marketing
up to £100,000

Swiss based financial services institution is seeking an exceptional, results orientated, dynamic Head of Sales and Marketing, to develop and support an international network of customers. Proven marketing and sales experience is essential and candidates ideally aged between 30-40. Please apply in the first instance with full CV and current salary to:

PO BOX 6035
CH-1211 Geneva 6
Switzerland

Swiss Business Management Unit
NOW HAS THE CAPACITY FOR ONE MORE MANDATE.

A small and dedicated staff of six specialists handling purchasing, financing, transport, insurance for a major European group of companies now have the capacity for one more mandate.

We are working closely with all major Swiss banks and are noted for our precision and efficiency in foreign exchange transaction, cash management, accounting, financial reporting etc.

Our offices are located in Zug, Switzerland.

We have all the requirements to build up and run a Swiss Business and Financial Management Unit for you, exactly suited to your needs and preferences.

If you should require so, this Unit can be integrated in your organisational structure, under a full-time or a parttime manager in our offices. First rate references are available.

Please contact us in writing: Financial Times Ltd, 1 Southwark Bridge, London SE1 9HL, under number Box A 5466.

TRADERS WANTED

New York-area based Hedge Fund has openings for two high quality execution traders with strong money-making track record. One candidate will have market-making experience gained in the FX market, with subsequent experience gained in the interest rate markets. The other candidate will have a background in trading Energy and Agricultural physical commodities and futures. Both traders must have 3-5 yrs experience with a top-rate institution and at least a quantitative first degree from a leading university. Option trading experience is preferred.

Both positions offer high rewards and a superior quality of life for those tired of the daily trek to the city.

Reply by sending resume, including remuneration history to:

Box # A5465
Financial Times
Number One Southwark Bridge
London, England SE1 9HL

CORPORATE FINANCE EXECUTIVE - EUROPEAN EMERGING MARKETS

Corporate Finance Executive required to join our expanding London based Emerging Markets Team specialising in Central European Equities in one of the City's developing European broking houses. The successful candidate must:

- have a sound academic background with a finance and/or business degree to Masters level essential
- possess strong financial analysis, interpersonal and marketing skills
- have a minimum of 3 years previous experience, including privatisation experience, of corporate finance in Central and Eastern Europe, specifically Poland and Romania
- knowledge of German and/or other pertinent language would be an advantage

Write to Box A5467, Financial Times,
One Southwark Bridge, London SE1 9HL

Senior Marketing Specialist

Outstanding Opportunity in New Business Origination Central/Eastern Europe

London **Attractive Package**

Our client is a leading international bank with an enviable reputation for providing a complete range of banking services to major corporates. sovereign and quasi-sovereign entities on a global basis. The bank is a market leader in a variety of specialised banking products including syndications. project finance, structured trade finance, aerospace finance and capital markets. It has an extensive global network including branches and representative offices throughout Europe. Due to the bank's commitment to the continued development of its European business, it now seeks to appoint a senior business developer in a new role to originate business in the Central/Eastern European region, with a particular emphasis on Russia.

The Role

- To generate new business for the bank among sovereigns, quasi-sovereigns, core-industries and financial institutions in Russia and surrounding Central/Eastern European countries, based on knowledge of clients requirements and local market conditions.
- Cross-sell the complete range of products in conjunction with the bank's European network and product specialists in London, producing fee and margin income to meet the bank's business targets.
- Obtain mandates from clients for syndicated loans and other specialist banking products.

The Candidate

- Proven track record in marketing, structuring and executing transactions within a progressive financial institution for the Central/Eastern European region.
- Ability to demonstrate a detailed knowledge of Central/Eastern Europe, particularly Russia, based on sound, practical experience.
- Possess the credibility, adaptability and maturity to market and liaise with senior executives throughout the region.
- Confident, highly motivated, resilient business developer, with excellent communication and negotiating skills.
- A fluency in Russian would be ideal but not a prerequisite.

This post offers an outstanding opportunity to develop your career with a dynamic institution, committed to business in Central/Eastern Europe. A competitive salary and package will be awarded to the successful applicant, reflecting the experience and capabilities required for this challenging role.

Interested candidates should contact Simon Lewis or Paul Wilson on 0171 269 2316 or write to them enclosing a full curriculum vitae at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LN. Fax 0171 405 9649. Quote reference 354057.

Michael Page City
International Recruitment Consultants
London Paris Frankfurt Madrid Hong Kong Singapore Sydney

---

dc gardner training
a division of euromoney

Consultant Trainer

Capital Markets & Treasury

DC Gardner Training is at the forefront of international training worldwide with offices in London, New York and Singapore.

We are looking for candidates with an indepth front office knowledge of international capital market and treasury products. The ideal person will have a passion for enabling others to understand today's financial markets. An enthusiasm for overseas assignments, the ability to think laterally and prioritise in the face of tight deadlines are pre requisites.

The positions are ideal for individuals looking to work in a vibrant, challenging and entrepreneurial environment.

For further details please reply with CV to: Bernadette Swithenbank, DC Gardner Training, Nestor House, Playhouse Yard, London EC4V 5EX.

Coopers & Lybrand | Executive Resourcing

Abu Dhabi Power and Water Privatisation

The Emirate of Abu Dhabi has embarked on a broadly scoped privatisation programme for its Water and Electricity sector. This includes the introduction of IWPP (Independent Water & Power Producers) to build, own and operate new power/desalination plants to meet the Emirate's future requirements. It also covers the privatisation of the assets of the present Water & Electricity Department (WED) which manages 3000MW and 200mg/d capacity. Expansion of capacity at 10% per annum and the achievement of a competitive industry structure comprising competing generators, single procurement and independent regulatory authorities with full supply competition for large consumers, requires additional management strength and expertise. Finally, Abu Dhabi will develop a regulatory framework to govern the privatised sector. They will appoint three new Project Managers reporting to the Privatisation Committee, all with detailed experience of IPP's and the privatisation process and being capable managers and negotiators at top level. Middle Eastern experience and Arabic fluency will be beneficial.

Team Manager IWPP

£120,000 (US $200,000)

Will review best international IPP practice, design and implement an IWPP process for a planned new cogeneration plant, then, in conjunction with the other two team managers refine the tendering process for capacity additions and the privatisation of existing plants. The team will evolve into the nucleus of the power and water procuring authority. Preferred experience will be in power project finance with an investment bank or in IPP project management in the Power sector. Ref: NH1281/F.

Team Manager WED

£100,000 (US $160,000)

Will, after reviewing the privatisation options, split and privatise the WED assets and staff. Career future could include a senior management position in the new industry structure. Candidates will probably be consultants specialising in power utilities privatisation with overall knowledge of vertically integrated business together with functional experience in investment, accounting, IT and legal aspects. Ref: NH1287/F.

Team Manager - Regulation

£100,000 (US $160,000)

Will introduce the regulatory framework for IWPP's and the privatised entities, specify tariffs, performance standards, dispatch and by-pass rules and will model the market and transition process. The team will become the nucleus of the regulatory authority. Ideal candidates will be legally qualified regulatory advisors, management consultants or managers with a power regulator. Ref: NH1288/F.

Abu Dhabi is a highly attractive location for expatriates. Salaries will be negotiable and are tax free. An excellent benefits package is included and a bonus paid on completion. Minimum commitment is three years.

Please send full personal and career details, including current remuneration level and daytime telephone number to Neil Holmes, Coopers & Lybrand Executive Resourcing Ltd, 1 Embankment Place, London WC2N 6NN, England, quoting the reference number of the position you are applying for on both envelope and letter. Alternatively, you may fax your details on +44 171 213 5545, or e-mail to neil_holmes@gb.coopers.com

---

Investment Consultancy

An opportunity to develop a career in investment research

Our client, one of the world's leading investment consultancy firms, is experiencing an increasing demand for its fund manager selection services. As a member of the investment research team, your job will involve the interviewing of fund managers and the evaluation of investment management organisations, examining in detail their decision making processes, portfolio construction techniques and record of performance. Your research will be used to advise pension funds and other institutional investors on the selection of investment managers for a variety of balanced and specialist funds.

You will be a graduate with well-developed analytical and problem solving skills and have gained a number of years' experience in the investment industry. You will be doing business with people of influence and you should therefore possess excellent communication skills. The work environment is vibrant, the job stimulating and a high level of energy, commitment and team-mindedness is required.

This position offers a competitive salary and excellent opportunities for career progression. To apply, please write in confidence to:

I M R Recruitment Consultants, No.1 Northumberland Avenue, Trafalgar Square, London WC2N 5BW (tel. 0171 872 5447).

I M R

INVESTMENT MANAGEMENT RESOURCES

Appointments Advertising

appears in the UK edition every Wednesday & Thursday and in the International edition every Friday.

For information on advertising in this section please call

Courtney Anderson
0171 873 4153
or
Toby Finden-Crofts
0171 873 4027

Financial Times

OPERATIONAL DIRECTOR

INTERNATIONAL ROLE

London **Substantial Package**

FTSE International is a small, fast growing company which specialising in the calculation of indices. The Company is in the process of widening the range of services it provides to its customers worldwide and is now looking to recruit a 'hands-on' Operations Director to develop and deliver services to a very high level of quality, accuracy and reliability.

This is a Board level appointment. Reporting to the Managing Director you will be responsible for:

- production of all FTSE indices, statistics and data services;
- developing strategies to continuously improve service quality;
- management of user groups; and
- management of supplier relationships.

You must have a proven record of achievement, be capable of delivering innovative yet practical solutions and have the ability to decide what is important and to make it happen.

Interested candidates should write with full CV, quoting current rewards package to:

Paul Grimes
FTSE International Ltd
Podium Floor
St Alphage House
2 Fore Street
LONDON EC2Y 5DA

FTSE INTERNATIONAL

SENIOR OPERATIONS PROFESSIONAL

GLOBAL CUSTODY AND SECURITIES LENDING

DUBLIN BASED **SIX FIGURE PACKAGE**

- Citicorp/Citibank is one of the world's largest and most successful banking organisations with 85,000 staff operating out of circa 100 countries worldwide. It achieved net revenues of $3.8bn last year.
- As part of a new strategic initiative, Dublin has been identified as one of the major centres which will drive the Bank's operations activities worldwide, covering a range of product areas.
- A senior level professional is required to join in a newly created role with responsibility for building and leading a key operations area covering global custody and securities lending. He/she will be in charge of up to circa 200 people.
- Experienced and high calibre international operations professional from a premier financial institution. Strong track record of leading a world class operations function including global custody and securities processing experience.
- Ambitious individual who is highly motivated, results orientated, and strongly customer service driven. Proven man-management skills. Will have the ability to progress further.
- This is a pivotal role in the oew structure, and future career prospects are excellent throughout Citibank's network worldwide.

CITIBANK

Please apply in writing quoting reference 1432 with full career and salary details to:
Anthony Steinberg
Whitehead Selection
11 Hill Street, London W1X 8BB
Tel: 0171 290 2043
http://www.gbnet.co.uk/whitehead

Whitehead SELECTION
A division of Whitehead Mann Ltd, a Whitehead Mann Group PLC company

---

Vice President

Energy Group

Investment Banking

£EXCELLENT + BENEFITS LONDON

Our client, one of the world's leading financial institutions, requires a Vice President to join it's European Investment Banking Division to cover the energy sector with, particular emphasis on Russia and the CIS.

- You will have at least three years' senior level experience of arranging, structuring and financing transactions within the energy sector in Russia and the CIS, as well as local knowledge of the relevant domestic financial markets. You will have existing senior energy client relationships within the region and project financing expertise within the energy sector. Fluency in Russian and English is essential together with a first class degree in Economics.

- If you have the necessary skills and experience please send your full CV, which will be forwarded to our client unopened, to Park Human Resources, 3 Portland Place, London W1N 4HR, quoting Ref: JH10. Closing date for applications is 4th July 1997.

London 0171 636 1111 Birmingham 0121 745 2772 Bristol 01454 814275
Manchester 0161 236 5889 Edinburgh 0131 313 1307

park
Human Resources

The new name for PA Advertising

FUTURES & OPTIONS COMPLIANCE
GLOBAL INVESTMENT BANK

HONG KONG BASED/ASIAN FOCUS **COMPETITIVE PACKAGE**

Our client is one of the world's leading investment banks with a strong commilment to expand their glnbal futures and nptinns business. Due to continued growth of their Asian futures and options business, particularly In Hnng Kong, Singapnre and Tokyn, a need has arisen fnr a dedicated futures and nptinns compliance professional to play a proactive role in their existing compliance function. Your responsibilities will include:

- Designing in house compliance manuals.
- Further developing relationships with the regional regulatory bodies.
- Monitoring & reviewing ongoing futures and options trading activities.
- Staying abreast of new regulatory issues.

This would be an ideal move for an experienced compliance professional whn focuses on futures and options as part of their current role and now wishes to specialise solely in the expanding market.

As this is a hands on role with interaction with all levels of staff, excellent communication skills in English are a prerequisite.

Interested parties in the first instance should call **James Gundry** at **Robert Walters Associates, 21st Floor, Jardine House, One Connaught Place, Central, Hong Kong. Tel: (852) 2525 7808. Fax: (852) 2525 7768. E-mail: james.gundry@robertwalters.com**

ROBERT WALTERS ASSOCIATES

LONDON WINDSOR AMSTERDAM BRUSSELS NEW YORK HONG KONG SYDNEY WELLINGTON AUCKLAND

European Patent Office in Munich

The European Patent Office (EPO) is an intergovernmental organisation which grants patents on behalf of its 18 Member States. The EPO is recruiting an **administrator** for planning and management information in

Strategic/ Operational Controlling

(contract for an initial period of 3 years)

Main tasks:
- Co-ordination of the Office's basic assumptions for planning and the medium-term business plan
- Responsibility for the management information system and the provision of monthly reports to management
- Contribution to ad hoc studies in Strategic/Operational Controlling

Minimum qualifications:
- University degree in economics or comparable education.
- At least three years' experience, in particular in controlling tools like planning, management information and accounting.
- Excellent knowledge of one official language (English, German, French) and good working knowledge of at least one other

Conditions:
- An above-average salary, free from national income tax, comparable to those offered by other international organisations and a comprehensive package of social benefits (health insurance, retirement pension, etc)

Application Form:
- This is available from the Directorate Personnel, European Patent Office, Erhardtstrasse 27, D-80331 Munich (Tel. +89/2399-4318 Fax: +89/2399-2706) and must be returned completed (quoting **ref. No. EXT/717**) by 23 July 1997.

OPERATIONAL ANALSTS - INDICIES

London **Excellent remuneration package**

FTSE International is a small, fast growing company specialising in the calculation of indices. FTSE needs to recruit Operational Analysts to supplement the existing teams which are responsible for the calculation of UK and International equity and fixed interest indicies, which includes the FTSE 100 and FTSE All-Share.

In a dynamic and challenging enviornmnet you will need to be adapt at analysing corporate data with proven experience in the application of quality controls and the ability to work flexible hours.

The successful candidates will have worked within information services or UK security markets ideally possess a degree, and have effective PC literace and database administrative skills.

Interested candidates should write with full CV, quoting current compensation to:
Paul Grimes
FTSE International
St.Alphage House
Podium Floor
London EC2Y 5AD

FTSE INTERNATIONAL

Career Opportunities in Bermuda

Bank of Butterfield, based in Bermuda, has offices in five major international financial centres. The Information Systems Division supports a group-wide multi-platform computing environment using established systems solutions. Successful applicants will enjoy living in one of the most beautiful resorts in the world. Salaries are tax free, paid in Bermuda dollars at par with the US dollar. Benefits include full Major Medical insurance and a non-contributory pension plan.

• Project Managers • Network Design Engineers • Network Support Analysts • Communications Analysts • Database Analysts • Technical Support Analysts • PC Analyst /Programmers • Analyst/Programmers • Systems Analysts • PC Support /Analysts • COBOL Programmers.

Applicants must have at least 3 years experience and an undergraduate degree or equivalent. Contracts vary according to the type of project.

Successful applicants should have knowledge and experience with:
- Wholesale Banking, including Foreign Exchange, Money Market and Capital Markets products.
- Retail Banking, including Credit and Mortgages, Savings and Current accounts. (ALLTEL)
- EFTPOS, ATM and Remote Banking. (BASE24)
- International Trust, including Global Custody, Investment Mangement and Unit Trust Administration. (PORTIA)
- Corporate Services, including Share Registration, Accounting and Mutual Fund Administration. (DATABANK)
- Accounting Systems. (SAP/R3)
- Experience in Internet Commerce.

Programming applicants must have demonstrated expertise with either:
- COBOL programming • Java • Visual Basic • C++ • Microsoft desktop and development products. • SAP/R3

Technical applicants must have demonstrated expertise with the following equipment and software:
- Token Ring LANs, Novell Netware 3.x/4.x, Microsoft Windows NT, SAA, IPX/SPX, TCP/IP, SNA, FDDI, CICS, Sun Solaris, IRMA, AttachMate, SAP/R3.
- IBM Mainframes ES9000, AS/400, RS6000 (VTAM, VSAM, VM, VSE, OS/400, AIX, PC/3270).
- Communications for Wide Area Networking and CISCO Routers and switches, 3COM hubs and structured cabling systems.
- PC Servers and work stations, Microsoft NT Servers.
- Client-Server systems architecture.
- Database environments including: Microsoft SQL, Sybase and Oracle.

Qualified applicants should fax their résumés, in complete confidence, to Mrs. Patricia Bean, Manager, Human Resources. The Bank of N.T. Butterfield & Son Ltd. : (441) 292-2073 before closing date July 1st, 1997. Please quote ref. no. FT10711

Bank of Butterfield
http://www.bermuda.bm/bankbutterfield

DEALING and SETTLEMENT MANAGERS – UK STOCKBROKING

1816

CaterDeal is the brand name for private client share dealing services provided by City Deal Services. The continued success of our business relies on taking full advantage of technological developments. Between August and December 1997 we are introducing a number of changes to our systems environment which will involve direct input from our management team. We are therefore seeking to recruit – on a contracted basis – individuals with experience in the following departments to support various areas during this transitional phase.

Contracts, Checking & Trade Confirmation	Client Databases	Security Databases
Bought and Sold Transfers	CREST	Client Accounting
Benefits and Corporate Actions	Nominees and Safe Custody	Market Accounts
Cash Control	Equity Dealing and Order Taking	PEPS

The length of engagement for these positions will vary but will be for a minimum of 3 months and could suit mature or retired individuals. Contracted rates will depend on experience and will be very competitive. Applications which must only be submitted directly by individuals (not through agencies) should include a full and detailed CV and sent to:

The Personnel Officer, CaterDeal, North House, 9-11 St. Edwards Way, Romford, Essex RM1 4PE. Confidential fax: 01708 731670.

City Deal Services is a member of the Cater Allen Group, the London Stock Exchange, is regulated by the Securities and Futures Authority and is an Inland Revenue approved Plan Manager.

GLOBAL RESEARCH

Global Research supports the strategic planning and business development of International banks by providing actionable intelligence and consulting on corporate and investor requirements across the range of wholesale financial services.

INTERNATIONAL BUSINESS DEVELOPMENT AND CONSULTING **OTE £75,000**

To stimulate, capture and service demand, we wish to recruit a banker or consultant with experience in finance and a track record of closing high value complex business. Please send a covering letter and CV to Justyn Trenner, Head of Global Research.

PROJECT RESEARCHERS

We wish to retain researchers with financial product knowledge for face-to-face and telephone interviews with senior clients, particularly in institutional and pension funds.

Please fax your CV to Sam Gratton, Research Co-ordinator.

Nestor House, Playhouse Yard, London EC4V 5EX
Phone +44 171 779 8746 Fax +44 171 779 8769

SENIOR CONSULTANT/HEAD OF SALES INVESTOR RELATIONS

Technimetrics, Inc.

Technimetrics, Inc. is the world's leeding investor relations company, providing consultancy and investor targeting information to e global corporate client base. As our European business continues to grow we are seeking e Senior IR Consultant/Head of Sales and an additional Account Manager to join our London office.

SENIOR IR CONSULTANT/HEAD OF SALES

This is an exciting opportunity to lead a successful team in developing IR consultancy sales to U.K. and Continental European corporate clients. Candidates for this role will have a background in one of the following areas: account management in an IR consultancy, IR within a sizeable listed company or investment analysis with a leading financial institution. Pan European business experience would be an advantage.

ACCOUNT MANAGER, GERMANY

This role involves marketing Technimetrics IR services to German corporates. The ideal candidate may have s background in investor relations or equity analysis and sales experience is preferred. Fluent German would be an advantage.
Technimetrics offers a competitive package for both roles are excellent.

Please send a full Curriculum Vitae to: The Personnel Manager, Technimetrics, Inc., 110 St. Martin's Lane, London WC2N 4AZ

ACCOUNTANCY APPOINTMENTS

Finance Director

Newbury, Berkshire **£50,000 + Bonus + Car + Relocation**

Our client is an autonomous subsidiary of a £250 million plc and is the UK's leading supplier of commercial refrigeration and air conditioning equipment, components and accessories. With a turnover of £55 million, and operating nationally through a network of 29 branches, the business is a wholesaler and distributor to professional contractors serving many industries including the brewing, food and retail sectors.

In order to maintain and build on this market leading position, the Board now seeks a high profile finance professional. Reporting to the Managing Director and working closely with co-directors, the primary objective is to develop and direct the finance and administration function in order to support and add value to the commercial thrust of the company. The ability to establish credibility across the business and with group is essential.

The ideal candidate will be a qualified accountant with at least 10 years experience who can clearly demonstrate a strong track record gained in an operational environment. You will be technically strong with a sound understanding of financial systems. It is essential you have well developed interpersonal skills and practical experience of managing a team within competitive and demanding trading conditions.

Interested applicants should forward a comprehensive CV, including details of current salary and daytime telephone number, quoting 355020, to Anthony Spratt ACMA, Michael Page Finance, 33 Blagrave Street, Reading, Berkshire RG1 1PW.

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

---

ERNST & YOUNG

Taxation Opportunities

Scotland **£ Highly attractive, negotiable inc relocation**

We have ambitious growth projections taking us into the 21st century. We are the number one tax practice in Scotland (in terms of fee income) and are Ernst & Young's second largest regional tax practice in the UK. The only resources we are currently lacking are the additional tax professionals to assist us in this exciting period of expansion.

We have vacancies in Edinburgh, Glasgow and Aberdeen for:
- Corporate Tax Seniors, Supervisors, Managers and Senior Managers.
- Share Scheme Lawyers – Manager or Senior Manager.
- VAT Managers and Senior Managers.

We can offer the opportunity to achieve personal ambitions, unlimited scope for promotion if potential is fulfilled, plus the full support and resources to achieve our joint goals.

This is your opportunity to achieve the optimum balance between work and play, whichever location you choose.

If you appreciate the benefits of working for a leading and dynamic tax practice in one of Britain's cleanest, most affluent, historical or growing cities, in a period of opportunity and growth, then please accept our invitation to see for yourself the outstanding and exciting potential we can offer. Make the break and help us make the difference.

If you would like to find out more, please telephone the retained Michael Page Consultant, Sonia Allinson on 0141 331 2597, or fax your curriculum vitae to 0141 331 1426 or write to her at Michael Page Finance, 150 West George Street, Glasgow G2 2HG.

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

esident

RECKITT & COLMAN

Finance Manager

Hull **c £50,000 package incl FX Car, Bonus, Relocation**

Reckitt & Colman is a successful multi-national with turnover in excess of £2.2 billion and holds an extremely strong global brand position. Reckitt & Colman Pharmaceuticals is an increasingly dynamic and expanding successful global business, extending its presence in both traditional and new markets.

An opportunity has now arisen within the pharmaceuticals business for an extremely high calibre Finance Manager, reporting directly to the Global Finance and IS Director. Principal accountabilities will be:

- Aggregate and report monthly financial status, providing strategic progress tracking for the Pharmaceuticals Executive.
- As a member of the UK Lead Team, provide the financial input to ensure the UK business achieves sales and profits and cash targets.
- Preparation of budgets and financial forecasts.
- Provision of financial input re major business project/business development initiatives – giving financial advice and supporting negotiations as necessary.

The ideal candidate will be an ambitious graduate qualified CIMA accountant, having some five years plus post qualification experience in a pharmaceutical/FMCG manufacturing business and wishing to develop their career within an exceptional blue-chip environment, offering outstanding long term career opportunities globally.

You will possess drive, creativity, resilience and a proven track record of delivering results in a dynamic and challenging environment.

This assignment is being handled exclusively by Michael Page Finance.

If you feel you have the necessary skills and, more importantly, the drive to match the challenge and enter the global stage, please send a comprehensive curriculum vitae, including current salary details, to Martin Hanratty, at Michael Page Finance, Leigh House, 28-32 St Paul's Street, Leeds LS1 2PX. Please quote ref 356962. Alternatively, you can telephone him on 0113 246 9155 or fax him on 0113 243 3177.

MP
Michael Page Finance
Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

Financial Director

Sussex **c £45,000 + Bonus + Car**

Our client is an expanding £50 million turnover subsidiary of a highly acquisitive consumer led service group. An innovative management culture, astute financial control and a commitment to quality in its people and products ensure that the organisation can meet the challenge of a rapidly changing market environment.

Reporting to the Managing Director, the predominant purpose of this role is the effective organisation and management of the finance team that includes management and financial accounting, financial analysis and payroll to ensure that timely and accurate information is delivered in a format that facilitates successful decision making.

Duties will also include:

- Development of a cost and revenue financial model that will assist in the planning process.
- Improving the quality of management information that the department produces.
- Development of individual finance staff members.
- Responsibility for and management of the annual budget process.
- Control and review all aspects of the capital expenditure process.

This is an operational facing role which will involve liaison with all levels of management. The individual will be expected to attain a thorough understanding of the business to ensure financial and business objectives are achieved. The ideal candidate will be a qualified accountant aged between 30-45 with well rounded accounting experience in industry, preferably gained in a service based organisation, which should include the management of a multi-function accounting team.

A results orientated individual, the candidate will have excellent interpersonal skills and proven ability to deliver on time every time. This is an excellent opportunity for a motivated and enthusiastic individual to develop a career within a dynamic environment.

Interested candidates should forward a comprehensive curriculum vitae, along with remuneration details, to Alistair Robinson CIMA, Michael Page Finance, Cygnet House, 45-47 High Street, Leatherhead, Surrey KT22 8AG.

MP
Michael Page Finance
Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

Financial Controller

Bucks **c £43,000 + Car + Excellent Package**

Our client is a long established force in the pharmaceutical industry with a worldwide reputation for developing products for the treatment of skin conditions. They have originated many product patents and each new product has enhanced their leadership position. With its unique and dynamic corporate culture, the company is poised for continued success and growth into the new millennium.

The corporate structure includes a head office in the USA and a global market that encompasses six continents. In line with ongoing growth and development, the UK business now requires a commercially orientated Financial Controller. Reporting operationally to the UK Managing Director, the position carries responsibility for:

- Provision of first class day-to-day commercial and financial control for the UK business.
- Proactive management of the forecasting and budgeting process.
- MIS development and enhancement of financial systems.
- All UK statutory and compliance reporting on behalf of the US parent.
- Active involvement in dealings with Government bodies regarding pharmaceutical pricing issues.
- Building and maintaining close working relationships across the business.

The successful candidate will be a qualified accountant with several years post-qualification experience in industry. Individuals must be able to demonstrate strong commercial and organisational skills, a hands-on and team orientated approach, energy, enthusiasm and the ability to add value to the business. Experience in the pharmaceutical industry, whilst not a pre-requisite, would be a distinct advantage.

In return, the business offers not just a competitive remuneration package, but the opportunity to be a key member of the management team in a challenging international environment.

Interested applicants should forward a comprehensive CV, including details of current salary and daytime telephone number, quoting ref 354534 to Anne Wilkie ACA, Michael Page Finance, First Floor, 40-42 High Street, Maidenhead, Berkshire SL6 1QE.

MP
Michael Page Finance
Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

wentworth research

Highly commercial role for a finance professional with entrepreneurial flair

Finance Director

Egham **c £40,000 + Car**

Wentworth Research leads the market in IT management research. Wentworth's mission is to make its clients world-class IT practitioners by providing vision, solutions and opinions on the management of IT and telecoms. Backed by major venture capitalists, the management team wishes to expand its already extensive blue-chip client base with sights set on international markets, probably with a joint venture partner or through an acquisition.

The business has reached a stage in its development where it requires a high calibre, proactive Finance Director who will exercise and develop stringent financial control and play a key role within the senior management team in driving the business forward. In the short term, the role will require a hands on approach preparing management and statutory accounts as well as dealing with auditors and professional advisors. The role will also encompass non-financial administration such as contracts, IT and company secretarial issues.

Candidates will be qualified accountants, probably ACA and larger firm trained (but other backgrounds will be considered) with significant post qualified experience in a commercial environment. Of primary importance is the need for a determined, proactive personality disposition, combined with a creative and 'can do' philosophy. Age profile is open, but it is likely that the candidate will be in their 30s.

On offer is an excellent opportunity to make a real impact on a business with significant promise and to develop with that business over the long term.

If you are interested, please send a comprehensive CV, quoting ref number J339842, to Jonathan Ross at Michael Page Finance, 45-47 High Street, Leatherhead, Surrey KT22 8AG.

MP
Michael Page Finance
Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

Port Management Opportunities

Hutchison Port Holdings (HPH) is the port operating division of the Hutchison Whampoa Group of Companies. In support of the group's strategy to expand its port operations in Central and South America, HPH is currently updating its data base of dual language (Spanish or Portuguese and English) applicants who wish to be considered for future opportunities.

HPH is interested in hearing from suitably qualified applicants within the following disciplines:

Port Operations
Successful applicants will have extensive experience in international port operations, including bulk cargo, general cargo and container/ro-ro operations.
Experience in terminal planning and the establishment of shipside and landside cargo handling methods and systems is essential.

Civil Engineering
A degree qualified Chartered Engineer, you will have at least 10 years experience as a contractor or consultant in a port or marine related environment with specific responsibility for project management.

Mechanical/Electrical Engineering
Possessing a suitable Engineering Degree, you will have at least 5 years engineering management experience in either a port or equivalent heavy engineering environment. Previous HV experience and responsibility for plant procurement is desirable.

I.T. Systems
Successful applicants will be able to demonstrate experience in developing and managing online cargo handling systems in a UNIX/PC environment, with at least 3 years experience in managing an I.T. department. Experience of relational data bases (e.g., Oracle, Ingres, SQL Server) and 4 GL programming languages is desirable.

Financial Accountants
Applicants will have a recognised accounting qualification and at least five years experience in a senior financial position, preferably with a medium/large commercial organisation.

Please forward your CV to:

Ian Chadney, Operations Manager, Business Devlopment, Hutchison Ports (UK) Limited, Tomline House, Port of Felixstowe, Suffolk, United Kingdom, IP11 8SY.

Closing date for application: 30th September 1997

No agencies please.

Hutchison Ports (UK) Limited
The UK port operations of Hutchison Whampoa Limited

A member of the Hutchison Port Holdings Group

Chief Financial Officer

Leading Distribution Business

The acknowledged UK market leader, this very substantial and rapidly growing US owned Company is a subsidiary of the world's largest business of its kind. Advanced systems and leading edge technologies support a fast moving and people oriented activity, with an uncompromising commitment to the highest standards of performance and professional conduct.

Reporting to the Managing Director, the responsibilities of the Chief Financial Officer will include:

Central England

- Management of all functional areas to maximise financial performance within the context of Company Values
- Commercial input at strategic and operational levels
- Ongoing development of computer systems
- Motivation and development of a young and dedicated team

Excellent salary package, car

Fully qualified, and likely to be in the 33-45 age range, candidates will have not less than ten years' financial management experience in a values based medium or large company. Currently employed in an operational role, with man management dimensions, a strong systems background is essential, with good balance sheet knowledge, a high level of energy, and career development potential. A background within a distribution or other fast moving business will be particularly advantageous.

Interested candidates should write with full CV, quoting current rewards package to Andrew Satterly, Hoggett Bowers, 85-89 Colmore Row, Birmingham B3 2BB, Tel: 0121 212 0088, Fax: 0121 236 9351, quoting ref: BAS/11895/FT.

Hoggett Bowers
EXECUTIVE SEARCH & SELECTION

INVESTOR IN PEOPLE

THE PSD GROUP

A Golden Opportunity for an Ambitious Accountant

AS WELL AS BEING THE WORLD'S LARGEST REFINER OF GOLD, Johnson Matthey leads the way in many other spheres of advanced materials technology. From autocatalysts to the metal-based pharmaceutical products used in the latest anti-cancer drugs and advanced micro-processor chip packaging, we are working at the leading edge. And with businesses in no fewer than 38 countries, ours is an organisation of truly global stature.

We have an excellent opportunity for an ambitious newly qualified Accountant eager to develop their career on an international stage. Travelling extensively around our operations both in the UK and overseas as part of a small team, the brief involves conducting detailed audits of the Group's highly successful businesses to review financial controls and analyse levels of risk.

It is an extremely visible role which demands technical expertise, ideally gained with a leading international firm. Initiative and excellent interpersonal skills will be equally critical to your success, as will the flexibility to adapt quickly to new situations.

In return, you can look forward to uniquely exciting prospects for global career development within a dynamic and highly successful organisation, where each individual's efforts are recognised and rewarded. We also offer an attractive salary and benefits package, including car.

For the right candidate, this is an outstanding opportunity. To seize it, please write with full cv, stating your current salary, to Angela Dudley, Personnel Officer, Johnson Matthey plc, 2-4 Cockspur Street, London SW1Y 5BQ, or e-mail her at: dudlea@matthey.com

JM
Johnson Matthey

c. £100,000 + bonus & benefits *Global Information Group* *London*

European Finance Director

Internal promotion and consistent profitable growth in excess of 25% a year has created the need for a first-class finance professional to join the c. US$100 million turnover group of companies within this blue-chip, £5 billion multinational. Strategic role supporting the Divisional CEO through the provision of a responsive financial management and reporting service to influence the further growth and profitability of the group.

THE ROLE

- Reporting to the CEO, championing best practice in all aspects of financial control, forecasting and facilities management across a number of Eastern and Western European countries.
- Evaluating and delivering on acquisitions/joint ventures and major investments, continually monitoring performance according to plan whilst maintaining clear communication with US and Asia counterparts.
- Guiding and developing subsidiary finance teams to ensure prompt and accurate budgetary and financial reporting, within the context of a decentralised structure. Project managing various initiatives within the business.

THE QUALIFICATIONS

- Graduate Accountant, aged late 30s+, with operating company board experience within an international, technology driven group. Broad-based financial management skills including joint ventures and acquisitions experience.
- Mature and confident leader with first-class interpersonal skills, capable of operating in a fast-paced, entrepreneurial business with a decentralised/matrix structure. Strongly IT literate.
- Flexible and commercially orientated. Able to add real value to senior management team deliberations using financial data in a creative fashion to help guide strategy and deliver high quality input on a consistent basis.

Leeds 0113 230 7774
London 0171 298 3333
Manchester 0161 499 1700

Selector Europe
Spencer Stuart

Please reply with full details to: Selector Europe, Ref. T61620671, 16 Connaught Place, London W2 2ED

BUSINESS ADVISERS

TO £45,000 PLUS CAR & BENEFITS — WEST OF LONDON

At Glaxo Wellcome UK - part of Glaxo Wellcome plc, the world's leading pharmaceutical company - we are working as a team towards providing medicines for a healthier world. We build partnerships between our people, our customers and our patients which will ensure that we remain at the forefront of our rapidly changing market place.

As our customers and markets change, the need for high quality information and decision support is critical. This, together with the introduction of a process driven approach to operations, is leading to the redefining of roles and the creation of new opportunities for Business Advisers with strong financial and commercial skills.

Marketing Business Adviser

As Business Adviser to a Marketing team, you will provide an interface between the Marketing directorate and its information providers, i.e. Finance, IT and Market Research. As a full member of the Marketing, Commercial Strategy and Commercial Finance teams, you will have a key role in a range of strategic projects and marketing initiatives. You will also facilitate the development and implementation of core planning, monitoring and performance review processes.

Regional Business Adviser

Working with a Regional Business with sales of over £100m, you will provide a specialist advisory service to the Regional Business Director and his team. As part of the Regional management team, this will involve facilitating the business planning process and providing business performance reviews and decision support. This will include advising on investment decisions and sales/customer strategy.

These roles will add significant value to the business through challenging, influencing and advising the Marketing and Regional Business teams. They require individuals with strategic skills, who can focus on the 'big picture' rather than the detail. Other key competencies include business and commercial awareness, interpersonal, networking and influencing skills, and analytical capabilities. You should thrive in a role requiring personal accountability and where you can drive change.

Candidates are likely to be graduate qualified accountants or MBAs with a demonstrable record of career achievement in a blue chip group. Prior experience in commercially focused financial management, financial planning, business/financial analysis and/or consulting roles would be ideal.

To learn more please telephone our retained consultants, Sue Rossiter or Pippa Baker, on 01727 857755. To apply, please write to them at Barrett Webb Ltd., Dagnall House, Lower Dagnall Street, St Albans, Herts AL3 4PA. Fax 01727 812885.

We also have openings for talented Financial Analysts. These roles will be advised in the FT on Monday 30 June.

GlaxoWellcome

WORKING IN PARTNERSHIP FOR A HEALTHIER WORLD

VALUATION RISK ANALYSTS

GLOBAL FINANCIAL SERVICES COMPANY

COMPETITIVE PACKAGE — LONDON AND HONG KONG

The Company: An investment bank operating in more than 55 countries, our client offers integrated, innovative and value-added services. The Risk Management Division is one of five business lines providing derivative solutions to customers worldwide.

As a result of an ever increasing complex product range, our client requires two individuals based out of London and Hong Kong.

The Roles: The roles offer an in-depth exposure to valuation and risk issues covering the most innovative derivative products across all markets, including:

- A primary focus on exotic products
- Development of models to independently verify product valuation and risk
- Assessment of risks associated with new products and existing businesses to determine valuation methodologies
- Post and pre-execution deal analysis
- Close liaison with Traders, Product Controllers, New Product Development teams and Risk Managers.

The People: These positions would suit individuals of high mathematical calibre, with an interest in developing the breadth and depth of their knowledge of complex financial derivatives.

Successful candidates will be:

- Self-motivated
- Able to articulate the solution clearly and concisely
- Have a strong mathematical/quantitative background (ideally a PhD)
- Have familiarity with one of the following; Financial Modelling, Derivatives or Programming (C++ or similar)
- Enjoy the intellectual challenge of solving complex problems.

If you have the qualities to succeed please send a full resumé in the strictest confidence, quoting reference no. FT3129 to:

Antal International, Shropshire House, 1 Capper Street, London WC1E 6JA.
Telephone: + 44 (0) 171 637 2001 Fax: + 44 (0) 171 637 0949,
or visit our web site on www.antal.int.com

ANTAL INTERNATIONAL

'A Global Recruitment Solution Applied Locally'

UK • POLAND • HUNGARY • RUSSIA • ROMANIA • UKRAINE • CZECH REP. • USA • GERMANY

Play a leading role in business development.

Finance Director

Salary package £90k+, plus car and benefits — Wiltshire H/O

Changing markets, demanding customers and strong competitors have made essential the fundamental re-organisation of this highly regarded £300m group, managing the provision of retail, leisure, financial and other services, which operates mostly in the UK and Europe. The visions and goals are clear and a new structure for the business agreed. Now it is seeking an exceptional financial professional to be responsible to the CEO, to provide financial leadership and control, to ensure the financial integrity of the business, and to contribute to the strategic and business development of the group.

Role:

- Develop financial strategies and plans.
- Develop and operate new financial accounting and management information systems.
- Plan and control capital expenditure.
- Lead financial relationships with Stakeholders, The Board, Business Divisions and Partners.
- Manage treasury and cash management functions.
- Grow and safeguard the group's investment interests in the financial services sector.
- Participate in business reorganisation, through an on-going programme of change.

Requirements:

- Professionally qualified accountant. Minimum 15 years successful post-qualification experience in blue-chip private sector companies.
- Experience of developing and implementing financial policy and strategy.
- An ability to play a leading role in the development of corporate philosophies and values.
- Experience of evaluating and selecting business partners / suppliers, including outsourcing, and managing those relationships.
- Strong interpersonal skills, with the ability to influence relationships and play a creative role in the continuing development of the business.

To apply, please send your CV, quoting ref. FT WF20 to: Bill Forsyth, Forsyth Search & Selection, 4th Floor, Knightsbridge House, 197 Knightsbridge, London SW7 1RB

FORSYTH
SEARCH & SELECTION

Coopers & Lybrand | Executive Resourcing

Head of Business Controls

MIDLANDS — TO £55,000 + CAR + FINANCE SECTOR BENEFITS

This UK based financial services organisation is now completing a major change programme which has been instrumental in it becoming an innovative player in the markets with which it is involved. As a national provider of retail products it continues to grow organically and by acquisition.

Reporting to the Commercial Director and with a strong link to the Managing Director, a dynamic finance professional is required to ensure that the systems and controls in place are both appropriate and cost effective. Emphasis in the role will surround the review of ongoing systems development, specific high profile project execution, together with the one off appraisals necessary to ensure that business developments are properly controlled. The role will involve developing a close working relationship with senior operational staff in particular.

You will be a graduate qualified accountant who has shown strong progress in a blue chip environment and who wishes to progress into general management in due course. You will be commercial in nature; have excellent presentation skills, be tenacious and able to communicate well up to Board level. You should be the sort of person who is looking for genuine career development in a progressive organisation.

Please send full personal and career details, including current remuneration level and daytime telephone number, in confidence to John Elliot, Coopers & Lybrand Executive Resourcing Ltd, Temple Court, 35 Bull Street, Birmingham B4 6JT, quoting reference JE333 on both envelope and letter.

CHIEF FINANCIAL OFFICER

AUTOMOTIVE COMPONENTS - CHINA — £ EXCELLENT SIX FIGURE SALARY + BONUS + BENEFITS

This company based in Beijing is China's largest independent automotive components group. With 15 majority-owned Joint Ventures with China's leading Auto Component Companies, the corporate strategy is to build value by contributing capital management and technology to its Joint Ventures, prior to a planned public listing within the next 2/3 years.

As the Chief Financial Officer you will be a key element in achieving this strategy and will be responsible for:

- Financial reporting
- MIS
- Internal controls
- Capital expenditure, cash and working capital management.

In addition, you will oversee budget preparation, measurement and required action steps to grow the business including championing quality and cost initiatives.

The successful candidate will be a qualified accountant and/or MBA. Operational manufacturing experience is essential, preferably with exposure of the automotive parts industry, and a knowledge of multi site environments. In addition he/she will be able to demonstrate a successful track record with at least one blue chip company and hands on experience in a factory environment.

You will be expected to perform value-added role and will participate at the highest levels of the company and its Joint Ventures. Career prospects both within the financial sphere and in general management are excellent in this rapidly growing acquisitive organisation.

Interest candidates who feel they have the skillset required should forward a detailed CV stating current salary package to **Kacey Young at Robert Walters Associates, 10 Bedford Street, London, WC2E 9HE. Tel: +44 171 379 3333. Fax: +44 171 915 8714. E-mail: kacey.young@robertwalters.com**

ROBERT WALTERS ASSOCIATES

FS30091

LONDON WINDSOR AMSTERDAM BRUSSELS NEW YORK HONG KONG SYDNEY WELLINGTON AUCKLAND

Driving *Long Term Profitable* Growth

ASDA has out-performed the industry for the fifth successive year. The substantial progress which has been made in creating a fast moving retail business, capable of delivering sustainable improvements in performance, has been based on a radical transformation of their approach to delivering real customer value and service with personality

ASDA

BUSINESS DEVELOPMENT MANAGERS
UP TO £60,000 PACKAGE

With over 200 stores and a product range spanning food, non-food and the George clothing brand, ASDA's progress to date has been based on a clear vision and the commitment and energy of their high quality workforce and management team.

To sustain both its success and growth, the pace of innovation, change and progress must be maintained. The commercial finance team are at the heart of driving improvement in performance. Recent promotion has given the opportunity to recruit high calibre, commercially minded Business Development Managers.

- You will provide value added financial support and guidance by identifying key performance issues and solutions.
- You will be responsible for actively developing new business opportunities and project managing assignments to deliver improved results.
- You will have excellent interpersonal, presentation and communication skills, display good commercial understanding and possess the ability to inspire confidence at all levels.

An outstanding academic record and a proven history within a fast-moving blue-chip organisation are essential. An MBA or financial qualification is desirable.

The rewards are substantial and include an excellent salary and benefits package. These are outstanding career opportunities offering superb long term prospects.

This assignment is being handled exclusively by Michael Page Finance.

If you feel you have the necessary skills and experience, please write enclosing a comprehensive curriculum vitae, stating current salary and benefits and quoting reference 322853, to James Newman, Michael Page Finance, 28-32 St Pauls Street, Leeds, LS1 2PX, or alternatively, telephone him on 0113 246 9155.

Michael Page Finance
Specialists in Financial Recruitment

RECRUITMENT PROFESSIONALS

YOUR INTERNATIONAL CAREER STARTS HERE

THE COMPANY: Antal International is the market leader in Emerging Markets specifically in Central & Eastern Europe. With more office openings imminent in Italy, Germany and France, we are rapidly becoming the quality name in international executive recruitment, and one of the fastest growing recruitment companies in the world. Part of this continued expansion is to further build the London operation.

THE ROLES: Initially based at our London Head Office, you will be required to:
- Further develop client relationships
- Liaise with our international office network
- Work effectively in a team driven environment
- Apply recruitment solutions locally and internationally

We employ a newly developed technique called Matrix Portfolio Management which is simple and extremely effective and enables you to deliver an integrated, disciplined driven solution.

THE PEOPLE: Ideally, you will have a finance or recruitment background with a customer facing focus that always delivers results to the client. You will have energy and drive and have the ability to 'make things happen'. For an energetic communicator, who believes in internationalism, this is the opportunity to achieve your aims and objectives. You should be determined to succeed and with the support and training you receive from us, you will.

Interested applicants should send their CVs, quoting reference no. FT3131, to:

Antal International, Shropshire House, 1 Capper Street,
London WC1E 6JA.
Telephone: + 44 (0) 171 637 2001 Fax: + 44 (0) 171 637 0949,
or visit our web site on www.antal.int.com

ANTAL INTERNATIONAL

'A Global Recruitment Solution Applied Locally'

UK • POLAND • HUNGARY • RUSSIA • ROMANIA • UKRAINE • CZECH REP. • USA • GERMANY

BUSINESS CONTROLLERS

RECENTLY QUALIFIED

THE COMPANY: A fortune 500 corporation and a recognised market leader providing leading-edge IT solutions. An outstanding record of growth has been achieved both organically and through acquisition. A culture that is both entrepreneurial and international has led to several key positions arising for commercially aware finance specialists.

THE ROLES: [illegible] provide effective [illegible] to the European [illegible] towards the [illegible]
- Evaluating performance • Investigating potential growth opportunities
- Capital expenditure and investment proposals • Strategic and financial planning.

THE PEOPLE: A recently qualified accountant preferably ACA/CIMA/ACCA, you will have been exposed to multinational organisations and may be looking for your first move away from practice. You will be able to demonstrate:-
- Initiative • Self-motivation
- Business acumen • Excellent presentation skills.

If you are searching for the right entry point to a dynamic organisation that could lead to a global career, please send your CV, quoting reference no. FT3130, to:

Antal International, Shropshire House, 1 Capper Street,
London WC1E 6JA.
Telephone: + 44 (0) 171 637 2001 Fax: + 44 (0) 171 637 0949,
or visit our web site on www.antal.int.com

ANTAL INTERNATIONAL

'A Global Recruitment Solution Applied Locally'

UK • POLAND • HUNGARY • RUSSIA • ROMANIA • UKRAINE • CZECH REP. • USA • GERMANY

Financial Controller (Operations)

Leading Building Supplies Chain

c.£45,000 + Car + Benefits **Midlands**

Exceptional commercially-oriented finance professional to head up operational finance function for this leading name multisite business.

THE COMPANY
- Major division of profitable UK based Plc supplying housing and construction market. Turnover c.£500m.
- Extensive branch network throughout the UK. Reputation for high standards of customer service.
- Determined drive to introduce structured financial control and business planning systems.

THE POSITION
- Report to Finance Director. Head up financial control team for branch operations, overseeing control systems and production of monthly accounts.
- Play active role in identifying opportunities for margin improvement; provide general analysis, interpretation and business planning service to the Operations function.
- Drive budget process. Represent finance function on the senior operations team. Lead, manage and motivate UK-wide team of accountants.

QUALIFICATIONS
- Graduate calibre, qualified accountant with successful track record of financial management in a multisite manufacturing or retail environment.
- Commercial acumen, possibly gained in hands-on operations role. Strong analytical skills. Ability to manage staff in multisite setting.
- Committed and impressive senior manager. Tenacious, detail-conscious team player. Credible at all levels.

Please send full cv, stating salary, ref LD70283/R to NBS, Yorkshire House, Greek Street, Leeds LS1 5SX
Fax 0113 243 2339 Tel 0113 245 3830

Aberdeen • Birmingham • Bristol • City • Edinburgh • Glasgow **NBS** Leeds • London • Manchester • Slough • Madrid • Paris

NB Selection — Selection and Search

A BNB Resources plc company — ISO 9002 Registered

General Manager Recruitment Consultancy

Be part of immediate plans for growth

£60 – 80K (PACKAGE INCLUDES ATTRACTIVE BASIC SALARY + PERFORMANCE RELATED BONUS)

With a strategic network of offices in London and the South East, our client is set to expand its recruitment consultancy specialising in accountancy staff. They have aggressive plans for growth throughout the UK, and need two professionals who can develop increased levels of business in their own region while maintaining levels of high quality, individualised service to existing clients.

Concentrating on London and the South East, you will divide your time between strategic business development and improving effectiveness of current operations. Your key responsibility will be the development of new business including identifying and pursuing a wide range of opportunities and raising the company profile with target businesses through marketing and advertising.

It's vital that our client meets their growth plans. There is genuine Board potential for those enabling them to achieve this.

Obviously, you'll have proven recruitment consultancy experience at a senior management level. Your background will include a multi-brand client base, and you will have the drive and determination to develop business and meet targets for growth.

This is an exceptional opportunity to consolidate all your skills and experience. In the first instance, send your c.v., quoting ref: FT0211, to Max Emmons, Barkers, 30 Farringdon Street, London EC4A 4EA. Applications will be forwarded to our client so please enclose a covering letter indicating any companies who should not receive your details.

BARKERS

SLOUGH TEL 01753-608400 • BRISTOL • BIRMINGHAM • EDINBURGH • EXETER • GLASGOW • LEEDS • LONDON • MANCHESTER • NOTTINGHAM

RECRUITMENT ADVERTISING • DESIGN SERVICES • PLANNING AND RESEARCH • RESPONSE HANDLING • CANDIDATE ASSESSMENT • GRADUATE RECRUITMENT

Rapid career progression for ambitious accountants

Financial Analysts – Paris based

Bristol Myers Squibb Pharmaceuticals is the fourth largest pharmaceutical company in the world with a turnover of approximately $8 billion. This is an excellent opportunity for you to share in our success, and to progress rapidly within an international organisation that can offer full scope to your ambition.

Following the recent move of our European Headquarters to Paris, we are looking for two Financial Analysts to take responsibility for the effective flow of financial information. Reporting to the senior Finance Director, you will be required to work closely with the in-market Finance Directors, thus necessitating regular travel. You will drive the effective transfer of information and enhance the technical systems required ensuring the effectiveness of our business processes. There will also be significant involvement in business data analysis leading to productivity improvement programmes and implementation. In time these systems will take care of themselves, but by then, if you've proved your capability, rapid progression is envisaged.

As well as a professional accounting qualification and good computing skills, we'll be looking for an MBA or good business qualification together with at least 3 years' experience within an international company. Exceptional LAN based IT finance skills are essential as common systems are being developed throughout the organisation.

On a personal level you'll need to be confident and articulate with excellent communication skills. Just as important as your enthusiastic, positive attitude will be your ability to anticipate problems before they arise and provide appropriate solutions. We'll also expect fluency in a European language in addition to English.

If you think you can bring the right blend of qualifications and attributes, we will welcome your application. As these positions are based in Paris, French contracts will be offered. Please send your c.v. with a covering letter to Sue Flower, Human Resources Officer, Bristol Myers Squibb Pharmaceuticals Limited, 141-149 Staines Road, Hounslow, Middlesex TW3 3JA.

Bristol-Myers Squibb Pharmaceuticals Limited — Extending and enhancing human life

McKinsey & Company

Head of Finance

Central London

McKinsey is a leading international management consultancy with over 70 offices in 38 countries. We provide wide-ranging advice on strategic, organisational and operational issues to leaders of many of the world's major companies.

Reporting to the Director of Finance and Administration, this newly-created role will assume full responsibility for the financial management of all UK operations. Priorities will include the management and development of the support team, and accountability for all financial reporting.

The overall objective will be to identify and implement best practice in every area of financial management - a brief that offers wide scope to initiate and lead a variety of key projects including the development of advanced management reporting systems. Working closely with heads of other departments will also be an important element of the role.

We are looking for a qualified CA with a high level of academic attainment and a record of 3-5 years' outstanding achievement in a blue-chip business environment. Key requirements include proven skills in leading and developing a team, the ability to maintain the highest standards of financial integrity, and the drive to innovate and gain consensus for new ideas.

The position offers a competitive salary package backed by excellent company benefits. Interested candidates should write to our advising consultant, Jon Boyle, at Questor International, 3 Burlington Gardens, London W1X 1LE, quoting ref: 2249.

Tel: 0171 292 8300. Fax: 0171 287 5457.

E-mail: jon@questorint.com

Appointments Advertising

appears in the UK edition every Wednesday & Thursday and in the International edition every Friday.

For information on advertising in this section please call

Courtney Anderson

0171 873 4153

or

Toby Finden-Crofts

0171 873 4027

Financial Times

Driven by vision and innovation, adidas creates top products for sport.

As a consequence of adidas' increasing success and expanding business activities, adidas needs new players for our team in the International Finance Department

We are seeking an

Assistant Manager, Treasury

What you can expect:
- foreign exchange dealings with banks and group companies
- monitoring of hedging against exchange and interest risks
- further development and implementation of hedging concepts
- trade financing
- advising group companies in all Treasury-related matters
- management of worldwide netting programme
- installation and further development of data and reporting systems

You have the following qualifications:
- fluency in German and English; Spanish would be an advantage
- banking qualification/degree, with focus on Treasury sector
- strong IT background (in particular for installation of a new Treasury Software System)
- conversant with SAP, Microsoft systems and international accounting standards (IAS)

Please send your full CV to
adidas AG
Human Resources
Rolf-D. Witt
P.O. Box 1120
D 91072 Herzogenaurach

adidas

هكذا من الاصل

Group Internal Auditor

London — **c £50,000 + Car + Benefits**

Our client is one of the leading international quoted retailing groups, with operations in the UK, North America and Europe. The company is continuing its programme of change and improvement, including a commitment to attract and develop managers of the highest calibre. As a result of an internal promotion, there is the opportunity to recruit an outstanding professional to lead the establishment of a refocused and upgraded audit function.

The Position

Initially operating as a 'one man band', you will report to the Group Finance Director and be responsible for:

- Developing and raising the profile of internal audit.
- Implementing value-added audit processes and enhanced control cultures throughout the group.
- The introduction of innovative processes across functions, delivering real bottom-line improvement.
- Implementing rigorous procedures and systems to ensure effective control of all assets of the business.
- The role involves a reasonable degree of international travel.

Qualifications

- Fast-track 'Big 6' accountants, with a demonstrable track record of career and professional success. Top-drawer audit and special work on behalf of major retail organisations is essential.
- Strong intellect, evidenced by academic achievement and the motivation and ability to identify business issues and to drive through change.
- Excellent interpersonal and communication skills are essential. Language skills in French and/or German, whilst not essential, would be preferable.

This is a real opportunity to deliver radical change and accelerate your career. Successful candidates can look forward to working in a challenging and stimulating environment, with the opportunity of moving into a line role after 12-18 months.

Interested candidates should apply in writing quoting reference 357848, enclosing a current curriculum vitae (including salary and benefit details) and a telephone number to Gary Watson or Mike Deane, Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LN.

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

Commercial Director – Managing Director Designate

Pending retirement has created this opportunity in a very profitable and well established company, marketing and selling high quality capital goods.

The company, a subsidiary of a pan European technology Group is amongst the market leaders in its field.

The client base is mainly blue chip companies within a wide spectrum of processing industries.

Reporting to the Group's board, the challenge will be to drive forward a well supported and technically strong company and maximise its potential by clear leadership alongside an innovative business development strategy. The initial role will be to undertake responsibility of the Commercial/Financial Director of the company, including direct line management of a growing division.

Having rapidly proven your ability in this role you will ultimately take on the Managing Director's post within a short time.

To be considered for this exceptional role you must have a proven record of success at this level of a small to medium size company of approximately 60 people.

A real General Management background, linked to qualification with a financial bias, is preferred, coupled with vision and the ability to form and implement strategy and future direction.

This is an opportunity to realise your potential and considerable ambition.

The Company is situated in the Northern Home Counties.

The package will be attractive and rising with the realisation of promotion outlined above. The benefits expected from an International Company apply.

If you are interested in the above position please forward your CV to Michael Semark, Michael Page Finance, Grant Thornton House, 214 Silbury Boulevard, Milton Keynes MK9 1LT.

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

"MAKE AN IMPACT WITHIN AN INTERNATIONAL GROUP BY DEVELOPING THEIR OPERATIONAL REVIEW FUNCTION"

INTERNATIONAL AUDITOR

c£40,000 + Benefits — **Central London**

Tha Organisation
This dynamic $1.3bn turnover company is quoted on Nasdaq, in Oslo and in London. Tha Group operates through 250 companies worldwide, employing in excess of 6,000 peopla, and specialises in the distribution of bulk liquids by land and sea. Their highly proactive approach to business has led them to new areas of artivity through acquisitions and joint ventures, and this strategy of growth will continue over the coming years.

The Company seeks to appoint an International Auditor to continue the developmant of a commarcially driven international audit function.

The Opportunity
Reporting to the Director of Internal Control, your responsibilities will include:

- Developing the audit programme to ensure that tha function is seen as influential and commercially driven
- Assuming responsibility for financial and operational audits throughout tha Company's international operations
- Preparation of in depth reports for submission to Senior Managemant and the Audit Committee
- Responsibility for a wida ranga of ad hoc projects.

The Individual
Tha successful candidate, most likely aged 27-32, will be a graduate and qualified accountant with a minimum of three years post qualification experience gained within Public Practice, the Intarnal Audit department of an international company or a hands on financial management role. You will possess strong interpersonal skills and tha ability to influence senior management. A hands on approach and a proven ability to use your initiative are pre-requisites.

If you wish to be considered for this exceptional appointment with career progression within the Group, please send your CV to our advising consultant, Suzanne Surycher, (quoting reference FT0113) at FSS Financial, Charlotte House, 14 Windmill Street, London W1P 2DY. Fax: 0171 209 0001. E-mail: ss@fss.co.uk.

FSS FINANCIAL
AN FSS GROUP COMPANY
Consultants in Financial Recruitment, Search & Selection

GBE

Divisional Financial Controller

(Two positions)

- We are a major European transport group with Haadquarters in tbe UK and locations throughout tha EU.
- Wa axpect current year sales to exceed £70m.
- Our continued expansion and currant reorganisation necessitates the appointment of two ambitious Divisional Financial Controllers. Thasa ara newly creatad posts aod tha successful candidates will join the sanior management team of their appointed divisions.
- Tha position will only be filled by energetic and commarcially mindad candidatas with experience and abilities of the highest level. The remuneratioo will reflect the importance of the position.

Apply by letter and CV to HR Manager:

EUROPEAN FAST FREIGHT

GB Express Ltd. Elliott Road Bournemouth Dorset BH11 8JR

APPOINTMENTS WANTED

BANK RATING EXPERT

Highly experienced analyst specialising in the assessment and *rating* of banks in developed and emerging markets. Excellent written, oral and computer skills. English, French and German languages. Seeking new challenging openings in London or other world financial centres, preferably on a freelance basis, short/long-term assignments.

Reply to Box A5437, Financial Times, Southwark Bridge, London SE1 9HL

STRATEGIC OFFICER

AMSTERDAM — **SALARY £50K**

Our client aims to become a leading supplier of pan-European telecommunication and telecommunications-based informatioo services with global reach. Doe to recent growth, both organic and as a result of strategic acquisitions, they are now looking to recruit a Strategic Officer to strengthen their Corporate Strategy Unit. The aim of this Unit will be to assess political, technological and socio-economic factors influencing the development of the Group. This key appointment, which will be performed at the European Head Office, has materialised at an exciting and critical time in the Group's development and is an outstanding opportunity for an ambitious individual.

The function will report to the Viee Presideot Strategy, Government and Inter-Company Relations.

The main responsibilities include:

- ensuring a coherent, aligned opinion and policy on strategic issues;
- identification and assessment of the key political and social issues influencing the Group's future;
- organising discussion and assessment of the issues between Group partners and, thereafter, communicating the results and implications internally;
- realising and maintaining a networked organisation which will contribute to the development of the Group's governance system, including the Business Planning Cycle.

The successful candidate will have a University degree (finance/economics/MBA/ACA) and at least six years experience in a multinational, an international financial institution, the investment/M&A area or a Management Consultancy firm.

This role demands an individual who is able to look at the business from both commercial and strategic points of view, can work to tight deadlines, under pressure, and who possesses exceptional interpersonal skills. The business language is English; the preferred candidate will ideally be flueot in one or more other European languages.

If you are interested in this opportunity, please cootact Ludo Houben on +31 20 6444 655, or alternatively send your current Curriculum Vitae to the following address: Robert Walters Associates, 'Rivierstaete', Amsteldijk 166, 1079 LH Amsterdam, The Netherlands. E-mail: ludo.houben@robertwalters.com

ROBERT WALTERS ASSOCIATES

FS28091

LONDON WINDSOR AMSTERDAM BRUSSELS NEW YORK HONG KONG SYDNEY WELLINGTON AUCKLAND

Outstanding International Finance Opportunities within a leading FTSE Listed Retail Group.

LONDON BASED

Our client is a highly successful international blue-chip retail organisation. The group employs over 8,000 people operating in the UK and France, with major export markets in Spain, Germany and the Middle East. Continued expansion of its overseas business has created the need to augment the management team with the appointment of two highly commercial finance professionals.

Financial Controller - France

Reporting directly to tha Menaging Director of the French business, the successful Individual will act as en advisor on a variety of finance and business issues, and spend an aqual amount of time working in the UK and France. Specific dutias will include:

- Providing ad hoc financial end general business advice to senior management
- Financial planning and enalysis
- Business davalopment appraisals.

This opportunity is likely to appeal to qualified accountants in their late twenties to early thirties, possessing e minimum two years' post qualification experience. Fluent French is essential.

International Financial Manager

Acting as a key member of the finance team whose brief Includes providing business support to several overseas antities, specific duties will include:

- Financial analysis, planning and appraisals
- Production of management and financial Information
- Provision of direct support for tha MD and other senior managamant on business performance matters
- Idantifying requiraments for development of operational procedures.

Suitable candidates for this opportunity are likely to be nawly/recently qualified accountants. A knowledge of German would be an advantaga.

All candidates must display the credibility and flexibility to communicate effectively and influence senior management. Prior experience gained within a retail environment would be useful, although it is not essential.

Both positions offer a highly competitive base salary + car + bonus

Interested applicants should contact Astbury Marsden Search and Selection on 0171 353 7533, fax: 0171 353 7703, quoting reference BP231. Alternatively, write to us enclosing your cv at: Hamilton House, 1 Templa Avanua, London EC4Y 0HA.

astbury marsden
SEARCH AND SELECTION

A Golden Opportunity for an Ambitious Accountant

As well as being the world's largest refiner of gold, Johnson Matthey leads the way in many other spheres of advanced materials technology. From autocatalysts to the metal-based pharmaceutical products used in the latest anti-cancer drugs and advanced micro-processor chip packaging, we are working at the leading edge. And with businesses in no fewer than 38 countries, ours is an organisation of truly global stature.

We have an excellent opportunity for an ambitious newly qualified Accountant eager to develop their career on an international stage. Travelling *extensively around our operations both in the UK and overseas as part of a small* team, the brief involves conducting detailed audits of the Group's highly successful businesses to review financial controls and analyse levels of risk.

It is an extremely visible role which demands technical expertise, ideally gained with a leading international firm. Initiative and excellent interpersonal skills will be equally critical to your success, as will the flexibility to adapt quickly to new situations.

In return, you can look forward to uniquely exciting prospects for global career development within a dynamic and highly successful organisation, where each individual's efforts are recognised and rewarded. We also offer an attractive salary and benefits package, including car.

For the right candidate, this is an outstanding opportunity. To seize it, please write with full cv, stating your current salary, to Angela Dudley, Personnel Officer, Johnson Matthey plc, 2-4 Cockspur Street, London SW1Y 5BQ, or e-mail her at: dudlea@matthey.com

JM Johnson Matthey

Appointments Advertising
appears in the UK edition every Monday, Wednesday & Thursday and in the International edition every Friday.
For further information please call:Toby Finden-Crofts on +44 0171 873 4027

IT Appointments

IT and Financial Services

EXECUTIVE SEARCH AND SELECTION CONSULTANTS

£50,000–£150,000 + BONUS + BENEFITS / LONDON

Sainty Hird and Partners is a leading international executive search firm. We focus on the provision of lasting, high quality recruitment solutions to clients in the financial services and information technology sectors. With an outstanding growth record and an enviable client portfolio, the firm has recently launched a joint search and selectioo division, targeting senior and middle management positions. Consultants at all levels are now required to manage existing business and to drive further expansion.

THE POSITIONS

- Use combination of industry knowledge and recruitment skills to source the best people for our clients.
- Understand fully the business requirements. Recommend and deliver optimum solutions. Ensure repeat business.
- Play key part in the strategic development of this new company. Generate substantial earnings.

QUALIFICATIONS

- Graduate. Record of significant achievement within information technology or financial services sectors.
- Previous consulting/recruitment experience an advantage but not essential.
- First-class communication skills. Passion for quality and client service. High levels of energy, commitment and enthusiasm.

SAINTY HIRD & PARTNERS

SHP ASSOCIATES

Please send a full cv and current salary details, quoting reference IT70601, to SHP Associates, Stratton House, Stratton Street, London W1X 5FE. Tel: 0171 753 3000 Fax: 0171 753 3010.

International

CAPITAL MARKETS

Competitive Salary + Performance-Related Bonus + Benefits

Our client is the London-based investment banking subsidiary of one of the largest banks in the world, with assets of over £530 billion. Specialising in Capital Markets and related activities, they are undertaking an expansion scheme to continue their development into a major force in the financial services industry. This is a challenging opportunity with a financial institution, which is poised to take maximum advantage of the growth of the world's capital markets.

FIXED INCOME BUSINESS ANALYST

A new position has recently been created for a Business Analyst to join a high profile team within Fixed Income.

The primary focus for the role will be to analyse and develop user requirements for the GLOSS Back Office systems.

A development background is not essential, although the successful candidate must be willing to learn the technology used (Sybase, SQL and PowerBuilder) and keen to gain experience in all aspects of Fixed Income.

The ideal candidate should possess the following:

- **A strong knowledge of the Fixed Income Field and related Derivative products**
- **A full understanding of the development cycle**
- **Excellent communication and interpersonal skills**
- **The ability to produce high-quality documentation and analytical support for productions staff**

MANAGER OPERATIONS ANALYSIS

Based in the Capital Markets Settlements area, primarily acting as an internal consultant. The successful candidate will perform a wide ranging development role designed to achieve improvement in back office capability in order to effectively support the rapid growth and diversification of the company's business activities. An ongoing review of control methodology and new product delivery systems will be an integral part of this assignment.

The ideal candidate should possess the following:

- **Management level experience within capital markets settlements**
- **Thorough understanding of Fixed Income and related Derivative products**
- **Strong project management skills and a high level of personal organisation**
- **Ability to evaluate, review and re-engineer systems and procedures**

Candidates for both positions should be graduate calibre. Candidates for the managerial role in operations may also benefit from a professional, vocational qualification i.e. ACA/CIMA.

If you are interested in the above positions, please contact either Louise Williams or Fiona Phillips Quoting Reference BA004

Huxley Associates
INVESTMENT BANKING
17 St Helen's Place, London EC3A 6DE

Tel: 0171 335 0005
Tel: 0171 937 1206
Fax: 0171 335 0008
Email: jobs@huxley.co.uk

FINANCIAL SOFTWARE WIZARD ?

Stoneygate Software Ltd is creating revolutionary business planning software. We need your skill and expertise to help complete it. £30K to £60K plus share options.

Can you tick four?

Written business plans?
Written computer programs?
Bursting with energy ?
Business/IT/financial degree?

Call: Jonathan on 01582 736006

Our client is ooe of the leadiog Private Portfolio Managers and Stockbrokers in the United Kingdom and continues to grow from strength to strength handling over £7 billion funds.

HEAD OF IT

City c£80k +benefits

The Company is entering their oext oew phase of growth and are looking for a new Head of IT to play a key role in shapiog their future.

Reporting to the Managing Director, your responsibilities will include:

▼ Developing and executing a strategy to ensure the department is maximising the opportunities of new and emerging technologies.

▼ Leading the further developmeot in order to realise the benefits of straight through processing.

Experience is likely to have beeo gaioed within a leading iovestment managemeot and stockbroking institution. Candidates will require excellent communication skills with a hands oo approach and proven strategic developmeot capabilities.

If you feel you can contribute to the Company's future success, please apply in writing to REF: AD1, David Jooes or Carole Weedoo, The DP Group, Nightingale House, 1-7 Fulham High Street, London SW6 3JH. Telephooe Number (0171) 460 7900. Fax Number (0171) 460 8030.

All enquiries will be dealt with in the strictest confidence.

The DP Group

IT BANKING

RISK MANAGEMENT AND TREASURY SYSTEMS

- *Project Managers*
- *Business Analysts*
- *Implementation Specialists*
- *Consultants*

We are retained by a leading supplier of Risk Management solutions and Treasury Systems, and a blue chip international bank, to identify outstanding staff for key roles in both organisations.

Well qualified academically and with good interpersonal skills, you are ready to take on new challenges to help realise your career potential. Self-motivation and practical skills to deliver solutions are essential.

Project Managers, Business Analysts and Implementation Specialists will have an excellent understanding of the range of instruments traded in the Treasury and Capital markets area together with the technology that supports this business. Specific knowledge and recent experience of products and packages including Summit, Wall Street, Gloss, Rims, Iofinity and Kondor+ would be useful.

There are also technical roles which require experience of working with relational databases using NT and UNIX in a client server environment as well as using Structured Methodologies and Object Orientated Analysis including data and business mapping.

You are likely to be with a bank, a consultancy firm or a software house and should have recent experience in working with one or more of the following areas:

- **Risk Management**
- **Treasury and Capital Markets**
- **Dealing Room Systems**
- **Securities and Fixed Income**
- **User Acceptance Testing**
- **Derivatives**
- **System Implementation for Front and Back Office**

These positions will be well rewarded and may involve international travel. **If you are able to meet these exciting challenges, please send your CV to Alan Summers, quoting reference FT0697 at: S&H Consulting Limited, 17 Wigmore Street, London W1H 9LA. Tel (0171) 495 8798. Email - SHConsult@aol.com**

S&H Consulting Limited

PROJECT MANAGER, BUSINESS ANALYST, TEAM LEADER, SENIOR DEVELOPER, SYBASE DBA ... CITY OF LONDON

Key IT roles within o major fund monogement organisation with o unique global approach. Their business is run from the key financial centres of the world and is supported by o sophisticated set of client server systems. The investment professionals of this company operate at the leading edge of the industry using o wide range of data, tools ond techniques. To meet the challenges posed by o new set of developments the IT department needs innovative, creative professionals to explore ond exploit evolving technologies.

The **Project Management** and **Business Analysis** roles are for senior professionals within the computing industry who have goined o minimum of three years in the Investment Banking or Fund Management sectors – within a leading financial institution or from the related consultancy/software supplier industry. The successful Project Manager will have delivered multi-stranded, client server projects of o reasonable size ond complexity. The Business Analyst will join a high profile group of specialists who take responsibility for analysis issues and significant IT strategies.

The **Team Leader** ond **Senior Developer** will be working on new projects in o UNIX – NT – SYBASE – POWERBUILDER – C AND C++ environment. Developers need o minimum of 12 months of Sybase or Powerbuilder. The Team Leader role requires solid experience of Powerbuilder and o leading RDBMS (preferably Sybase) gained within the financial services sector, o knowledge of 'C' would be very useful for both vacancies. The **Sybase DBA** position offers the opportunity to expand your 12 months of Sybase administration experience in o full DBA capacity using Sybase 11 and Replication Server.

The rewards – like the challenges – ore substantial, the remuneration package includes: o generous mortgage subsidy, non contributory pension, life assurance, health care, car allowance (according to seniority), performance related bonuses, subsidised gym membership and a minimum of five weeks of holiday leave per annum.

For further information and to apply for one of these roles please contact Vanessa Coleman at ERS City quoting reference VC18FT on all correspondence

Telephone: 01442 247311/0468 094578, Email: erscity@aol.com, Facsimile: 01442 215794.
Address: Ambassador House, 575-599 Maxted Road, Hemel Hempstead, Herts. HP2 7DX.
ERS City is part of the Executive Recruitment Services Group of Companies.